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P s&Investments

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AT DEADLINE

TSA Capital sold

TSA Capital Management has been sold to Mitchum, Jones & Templeton, which develops trading systems, and four TSA executives. Terms were not disclosed.

The sale by parent company CalFed Inc. comes after CalFed already had agreed to sell its trust operations to Northern Trust.

Equitable creates new unit

Equitable Capital Management is launching a unit that will provide services to defined contribution plans, said Mary Rudi Barneby, the division's newly named president.

Ms. Barneby joined Equitable Capital from Dreyfus Management, where she ran the defined contribution services division.

Management buys firms

Senior management has bought out Kennedy Associates and Kennedy Associates Real Estate Counsel Inc. from Babcock Prebond PLC. Terms were not disclosed. Jim C. Snyder, president of the firms, said the buy-out will give management increased performance incentives and more flexibility.

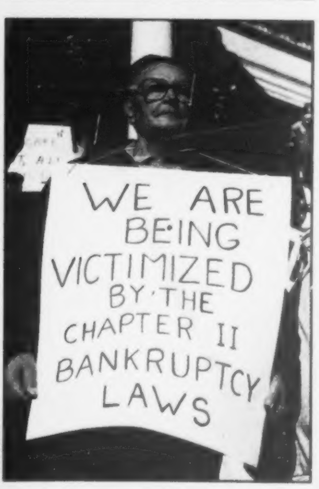
Investors buy private deal

The pension funds of Hallmark Cards and Readers Digest are among the investors in $40 million of perpetual convertible preferred stock of Western Gas Resources.

The funds are investors in the 1818 Fund, managed by Brown Brothers Harriman, which bought the private placement. The securities will be classified as

Continued on page 59

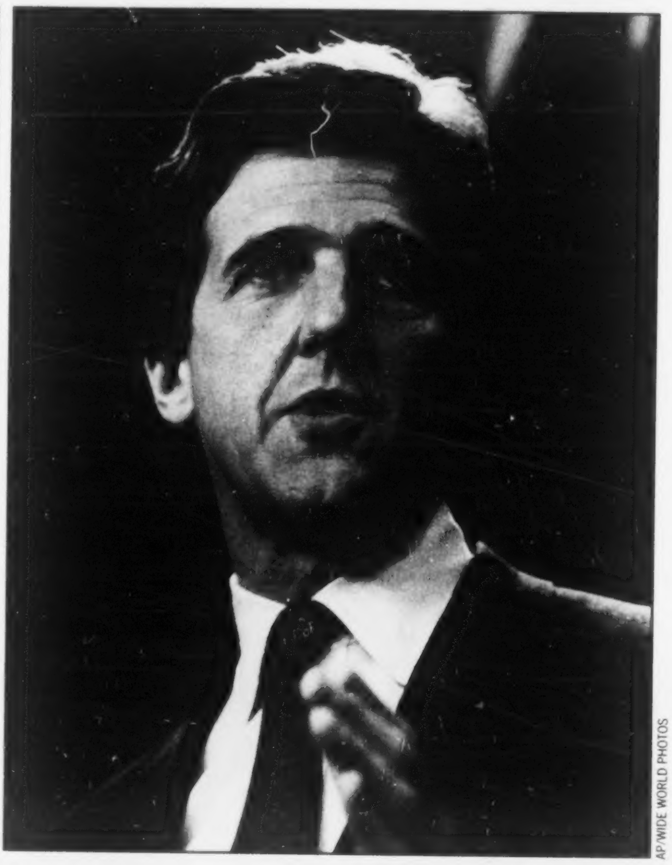
INSIDE


WE ARE BEING VICTIMIZED BY THE CHAPTER II BANKRUPTCY LAWS

TOM REED

Breaking the LTV logjam

An LTV creditors' committee and the PBGC have hit on a novel compromise to pull the company from the depths of bankruptcy while protecting pension benefits that retirees demonstrated in favor of two weeks ago. Page 3.



AP/WIDE WORLD PHOTOS

Sen. John Kerry is proposing the fee to provide revenue for the hemorrhaging bank and savings and loan insurance funds.

Transfer fee stuns financial execs

Move would cost institutions billions

By Joel Chernoff and Fred Williams

WASHINGTON — Massachusetts Sen. John Kerry plans to propose an amendment to the bank reform bill that would impose a user fee on electronic and paper fund transfers that could generate $85 billion a year in revenue — and could add as much as $900 to the cost of the average wire transfer.

The user fee would be designed to bail out the depleted federal bank and savings and loan insurance funds and provide operating capital for the Resolution Trust Corp.

The little-noticed proposal, which would be assessed on tax-exempt and taxable entities and individuals, is generating intense concern among pension and financial executives.

"Anyone who uses large volumes of dollars is just going to get killed with this," said Gary Hughes, chief counsel-securities and banking for the American Council of Life Insurance, Washington.

Based on the two basis-point fee used by Sen. Kerry to calculate the $85 billion figure, corporations and institutions have estimated the following additional, annual costs: Occidental Petroleum Corp., nearly $17 million; the State of Wisconsin Investment Board, $22 million from money market transfers alone; the California state treasurer's office, $92.6 million; the Florida State Board of Administration, $144.5 million; the Oregon treasury, about $4 million; and the New Jersey Division of Investment, $58 million.

The user fee would shift the bailout to a pay-as-you-go basis, instead of permitting the U.S. government to continue borrowing money in the debt market. The Bush administration, however, strongly opposes going to a pay-as-you-go basis.

After the U.S. House of Representatives last week defeated a broad bank reform bill in the face of White House opposition, legislators are scurrying to pull together a narrower bill that would include recapitalization of the

See **Transfer** *on page 58*

Investors confused by economic moves

As the Federal Reserve Board again lowered its prime rate last week, institutional investors are cautious about the economy emerging from the recession but see investment opportunities.

Whether the sluggishness of late reflects a dip back to the depths of recession or just a delayed recovery is subject to debate, but most agree the economic situation has investors perplexed.

"I hate to sound like a broken record, but the real key word here is unsettled," said Robert Wilson, program manager for financial media relations at IBM Corp., Armonk, N.Y.

"It's very difficult to make predictions as to where we're headed," he said.

According to Steve Kaseta, deputy treasurer of the $6 billion Massachusetts Teachers' & Employees' Pension Fund, Boston, the trends aren't clear.

"The impression I get is we have pulled back in terms of the economic rebound following our emergence from the recession," he said. "That indicates we are moving into a slower growth period, and that may indicate a recession. It's a distinct possibility that we might" dip into recession again, he said.

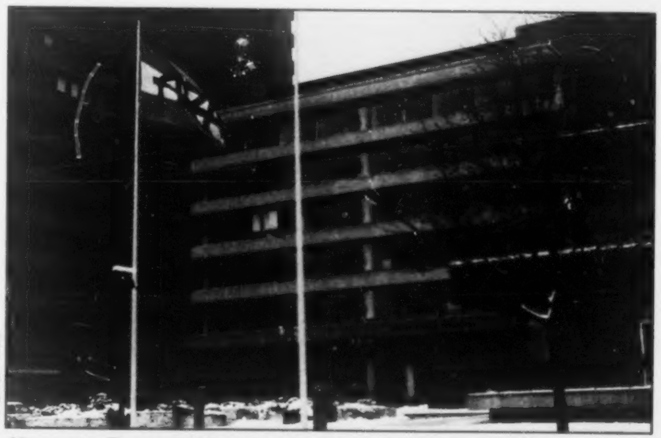
What's clear is that the Fed's lower rates have sent investors scrambling for better returns. Currently, a 4.75% bond equivalent yield on a 3-month Treasury bill is the lowest since 1977, according to Ian MacKinnon, senior vice president at the The Vanguard Group Inc., Valley Forge, Pa.. Those rates prompted an influx of new money into longer-term bonds, which now post a 300-point spread over short-term rates.

"Bond funds are clearly the growth winner. They have been growing dramatically all year," he said. "We're seeing $1 billion a month moving into the bond funds . . . (and) the lion's share is new money."

Fed policies are an important factor in the economy, most agree, although that is tempered by the large debt carried by companies, the government and individuals.

That debt load will delay the recovery, some think. According to Peggy Woodford Forbes, president of Woodford Capital Management Inc., New York, household debt ratios hover around 15%. In the recessions of 1973-'74

See **Economy** *on page 55*



MARGARET PRICE

Algemeen Burgerlijk Pensioenfonds, whose headquarters is shown, wants to move its foreign realty assets to an outside firm.

Going out of house

Dutch fund moving property portfolio

By Margaret Price

HEERLEN, Netherlands — The world's largest pension fund — the $94 billion Algemeen Burgerlijk Pensioenfonds — is negotiating to relinquish in-house management of much of its non-Dutch real estate by investing in Rodamco N.V.

Rodamco, a publicly traded, closed-end mutual fund company in Rotterdam, is a member of the Robeco Group of investment companies, also based in Rotterdam. ABP would use Rodamco for most foreign real estate investing.

Sources say the deal, which should be finalized in about two weeks, would inaugurate a major

See **Dutch** *on page 59*

NEWS DIGEST

THE TAMPA TRIBUNE

Cliff Hinkle, executive director of the Florida State Board of Administration since 1987, is leaving and plans to return to the investment business. Page 58.

SPECIAL REPORT: CONSULTANTS

Client demand and available technology are making consultants rethink their business plans. Page 17.

FINANCING

ServiceMaster's planned restructuring may prove a model for other master limited partnerships. Page 3.

INTERNATIONAL

Algemeen Burgerlijk Pensioenfonds will forgo internal management of its non-Dutch real estate. Page 1.

REAL ESTATE

Sam Zell's reputation may have helped convince investors to commit to his second vulture fund. Page 2.

Many commingled fund investors still will have trouble getting out of the vehicles next year. Page 50.

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Manager Scoreboard poll in mail

Questionnaires for *Pensions & Investments'* annual survey of the growth of money managers will be mailed this week. The completed forms, to be used for a special report published Feb. 3, must be returned by Dec. 31 If you do not receive a questionnaire, or if you have any questions, contact Christine Philip, directory coordinator, at (312) 649-5217.

Maine voters protect assets

Amendment prevents raid on public fund contribution

By Marlene Givant Star

AUGUSTA, Maine — State voters overwhelmingly approved a constitutional amendment Nov. 5 barring the Legislature and governor from taking back budgeted contributions to the $2.3 billion Maine State Retirement System.

Some 70% of the voters approved the amendment, which said: "Funds appropriated by the Legislature for the Maine State Retirement System are assets of the system and may not be diverted or de-appropriated by any subsequent action."

Claude Perrier, executive director of the Maine fund, said the amendment "shows that people are tired of pension funds being raided."

He said although other states have statutes protecting assets, Maine's is unique: "I don't know that (the others) have a clause that protects appropriations."

In Maine's budget process, the retirement system every two years submits its request to be funded to the Legislature, which in turn appropriates the money. Last year in Maine and several other states, legislatures de-appropriated some of the contributions, lessening the amount available to pay down unfunded pension liabilities.

So far this year, $27 million has been taken back from Maine's appropriation. Mr. Perrier said the system is 50% underfunded.

About $55 million was appropriated for the Maine fund for the fiscal year ending June 30, 1992. ■

Realty fund raises $550 million

Zell's reputation attracts investors

By Steve Hemmerick

CHICAGO — Zell/Merrill Lynch Fund II, a vulture fund that will prey on troubled bank real estate portfolios, will close with $550 million mostly from pension funds.

Investors in Zell/Merrill are convinced many financially troubled banks will be forced to discount their swelling portfolios of non-performing properties.

The fund's success and news that three pension funds have made new real estate commitments and two others are seeking investments comes at a time when many institutional investors are doing little in real estate other than restructuring investments.

The "grave dancer" reputation of Sam Zell, a partner in the ZML II fund, has helped convince some pension funds to invest, according to Kevin Lynch, a principal with The Townsend Group, Cleveland, a real estate consulting firm. Mr. Zell, a multimillionaire, has made a substantial fortune by paying below cost for companies and properties in difficult markets.

"I have seen Sam Zell walk into board rooms, and if you are not impressed by the name, you are definitely impressed by the person when he comes in," Mr. Lynch said.

The ZML II fund was scheduled to close Oct. 15, but it was held open until Dec. 10 because some pension funds indicated they wanted to invest but needed more time for trustee approval, said Don Phillips, an executive vice president with Equity Financial and Management Co., Chicago, a private investment company owned by Mr. Zell and investor Robert Lurie.

The $5 billion pension fund of American Airlines Inc., Dallas, has allocated $10 million to the ZML II fund.

"We think (the Zell fund) has good capability to identify undervalued properties and manage and develop them for longer term appreciation," said William F. Quinn, president of AMR Investment Services Inc., which oversees the airline's pension fund. The pension fund has about 1% of assets in real estate.

DOUGLAS E. KONKOL

Townsend's Kevin Lynch is impressed with the success of Zell/Merrill Lynch Fund II.

Although the $800 million Contra Costa County Employees' Retirement Association, Concord, Calif., has decreased it target allocation for real estate to 12.5% from 15%, the system placed $15 million with the ZML II fund.

"They (ZML) did present a compelling story," said Patricia Wiegart, retirement administrator for the system. She said it was described to her as a "vulture" fund that will buy existing large office, retail and warehouse properties.

She said Mr. Zell is viewed as "very capable" at taking advantage of the current market.

"It's an attractive place to be with a portion of your real estate assets," said William Stephens, director of short-term investments and trust for Southern Cos. Services Inc., Atlanta, of the ZML II fund. The $2.5 billion pension fund allocated $18 million to ZML. Mr. Stephens said his fund didn't make the allocation based on the assumption that every real estate market has hit bottom.

"I think there is a lot of variability on where the bottom is at on a national basis, and that is why you need somebody with the expertise of a Zell/Merrill Lynch to be investing in low current re-

See **Zell** *on page 56*

GIC holders keep low profile

By Anne Schwimmer

Pension funds that own Executive Life Insurance Co. guaranteed investment contracts are walking a fine line to secure the greatest value for their holdings and protect that value from attacks from militant municipal GIC holders.

In effect, the Group Annuity Participant Protection Association — which represents $770 million of the approximately $1.1 billion in pension GICs — has put its fate in the hands of California Insurance Commissioner John Garamendi. The group wants to stay in Mr. Garamendi's good graces and give him the room to lure higher bids to acquire the failed insurer.

Last week, Mr. Garamendi rejected a bid from the National Organization of Life and Health Insurance Guaranty Associations for failing to meet financial criteria set forth in his conditional approval.

A source close to the pension GIC holders said Mr. Garamendi has told them to keep quiet about its opinion on the bidders.

"We went to (the commissioner) and said . . . 'We thought about doing something like (making an announcement)' and he said, 'Don't do it,' " the source said.

As a result, the GAPPA group is refusing to publicly say which bidder it prefers.

"We have no plans at this point to lobby for one bid over another," said Robert R. Evans, assistant treasurer at Xerox Corp., Stamford, Conn., and chairman of GAPPA's steering committee. "The bids still end up being subject to modification and therefore if we say we like bid A over bids B and C, we would be putting ourselves in a box," he said.

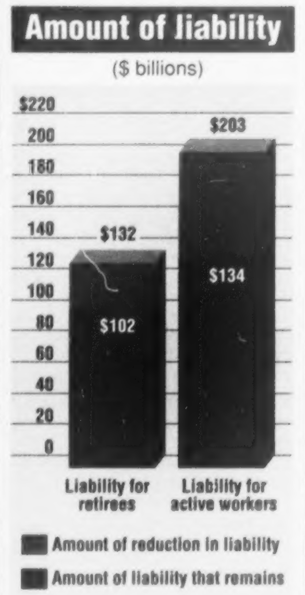
Mr. Evans declined to comment on whether the group had been asked by the commissioner to keep silent.

"I would say that basically we are disappointed that this didn't get resolved (last week). It could have been resolved . . . with the acceptance of the NOLGHA bid," Mr. Evans said.

He explained the NOLGHA bid would have provided the pension GIC holders with the most money upfront: 89 cents on the dollar.

He said the bid from the group led by Altus Finance, a unit of Credit Lyonnais, would give contract holders 86 cents on the dol-

See **GICs** *on page 59*



Source: General Accounting Office
CYNTHIA WATSON

Medicare shift to cut liabilities

By Hillary Durgin

WASHINGTON — Corporations could shed almost $100 billion of their $335 billion tab for retiree health benefits if Congress lowers the eligibility age for Medicare coverage, based on General Accounting Office estimates.

Several congressional proposals now under consideration could ease employers' obligation for retiree medical care coverage by changing the eligibility age for Medicare to 60 from 65.

The advent of Financial Accounting Board's Statement 106 — an accounting rule requiring companies to report their liabilities for retiree medical coverage on their balance sheets — is forcing many large companies to reexamine their billion-dollar burden. To reduce their liability and control costs, many employers have been attempting to shift and share expenses with employees. The moves have sparked labor disputes, strikes and even layoffs at union-organized companies.

"While the consequences of the new (FASB) accounting rules have yet to be determined, we are already beginning to see an erosion of employer-provided retiree health benefits," said Rep. Pete Stark, D-Calif., at a hearing of the House Ways and Means Subcommittee on Health.

"Proposals to lower the Medicare eligibility age would offer a number of advantages for American businesses, their employees and their retirees."

Rep. Stark, who chairs the subcommittee, has introduced one of two pieces of legislation that would lower the Medicare eligibility age: H.R. 1441, the Medicare Eligibility and Expansion Act of 1991. Rep. Dan Rostenkowski, D-Ill., chairman of the Ways and Means Committee, has introduced H.R. 3205, the Health Care Coverage and Cost Containment Act of 1991, a broad proposal for health care reform that also would lower the age for Medicare eligibility to 60.

See **Medicare** *on page 56*

LTV pension pact may set precedent

PBGC securities protect shareholders

By Joel Chernoff

NEW YORK — The PBGC would provide downside protection to The LTV Corp. shareholders by issuing "contingent value rights" that would trade separately from LTV stock as part of a novel understanding reached with the LTV Steel Creditors Committee.

The rights would provide a maximum of $1.50 per share of protection to LTV shareholders if the stock traded at less than 90% of its value six months after the company emerges from bankruptcy protection. The Pension Benefit Guaranty Corp. would have a maximum exposure of $96.25 million.

Creditors of Dallas-based LTV are expected to receive mostly stock in exchange for their $6 billion in debt obligations as part of any plan of reorganization in the 5½-year-old bankruptcy case.

The issuance of securities by the PBGC was a key element in the deal, whose provisions would slice the LTV plans' unfunded liability nearly in half immediately, reducing it to $1.6 billion. That would enable the plans to continue, allowing the PBGC to avoid absorbing a huge loss while averting cuts in retiree benefits.

LTV and creditors also would make these concessions:

- The PBGC would buy $50 million in LTV common stock, giving the agency about 4% of the company's stock. The proceeds would be funneled by LTV into its pension plans. Some observers expressed surprise a government agency would purchase a chunk of a corporation.
- The PBGC would receive upside potential in the form of stock appreciation rights granted by LTV if the stock performs better than expected.
- LTV would contribute $126 million in employer common stock to its three restored steel-industry pension plans. The contribution would give the plans about 10% of the company's stock, based on an expected price per share of between $9 and $12 and issuance of about 110 million shares, nearly doubling the amount of common stock outstanding.

The prospect of the PBGC taking a significant financial stake in a $1 billion company left observers curious.

"I wonder whether getting a financial stake in a company in order to keep a plan afloat is part of their mission," questioned Seth Tievsky, principal, Ernst & Young, Washington.

"They get an A-plus for creativity," said Jim Klein, deputy executive director of the Association of Private Pension and Welfare Plans, Washington. "It's a rather novel approach to protecting taxpayers' interests in LTV."

Eric Lofgrin, a consultant with The Wyatt Co., New York, said, "It feels to me they are making the best of a bad situation. If it's got some atypical terms, that's all right by me."

The innovative terms are in addition to others reached earlier, that included LTV making an immediate cash infusion of $950 million into the plans, plus annual payments of $50 million plus 50% of cash flow above $50 million for the next 30 years to pay off the plans' $3.1 billion in unfunded liabilities. Also, some $400 million will come from other assets.

In addition, to cover a $250 million loss from the termination of the Republic Salary Plan, the PBGC would receive $270 million in 30-year, LTV zero-coupon bonds, plus a share of proceeds from an LTV trust and pending antitrust litigation.

The understanding requires approval from other creditors, the PBGC's board of directors, and U.S. Bankruptcy Court Chief Judge Burton Lifland.

A PBGC spokeswoman called the understanding "a major step forward," although agency officials declined to discuss details.

As an interim measure, Judge Lifland ordered LTV to fund three months' worth of benefits — some $39 million — into the nearly bone-dry Jones & Laughlin Hourly Pension Plan. The plan, which has an unfunded liability of $1.6 billion, was due to run out of cash Nov. 30. If that occurred, the PBGC would be forced to reterminate the plan, which might upset bankruptcy negotiations.

In addition, Judge Lifland told LTV to replenish the plan on a monthly basis through September 1992. The three-month cushion on top of one month's worth of payments already in the plan will ensure the plan will have enough assets to pay benefits through the end of 1992, giving the PBGC much-needed breathing room in negotiations.

The additional funding had been sought by the steel creditors' committee as part of the deal with the PBGC. The court order permits the steel committee to propose ending replenishment if certain conditions — including a $300 million investment by Sumitomo Metal Industries in LTV Steel and the sale of LTV's aerospace unit at an "acceptable" price — are not met.

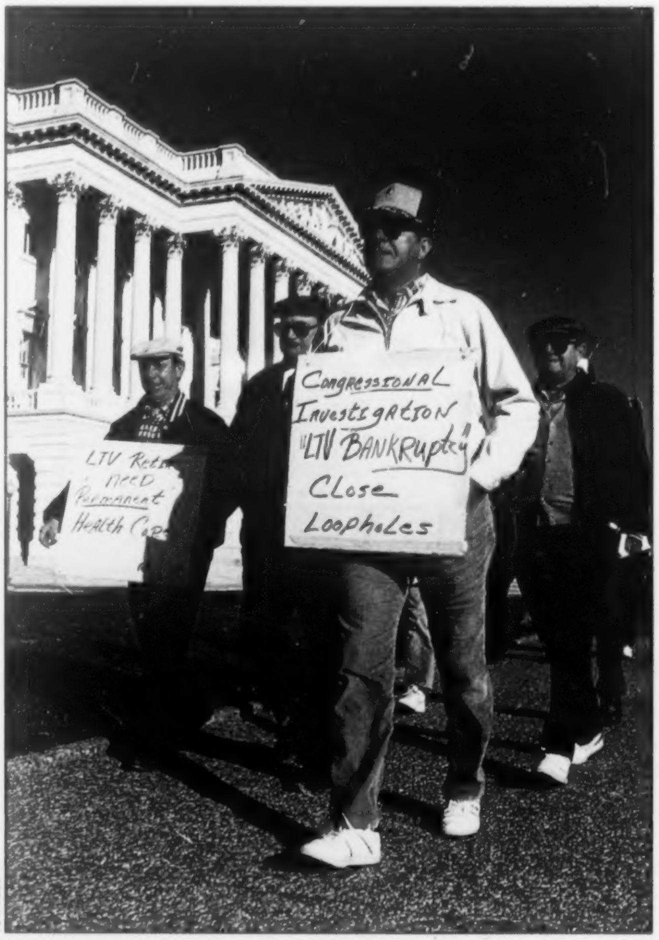
It also requires the PBGC's help in resolving a $1 billion excise tax assessment from the Internal Revenue Service.

The funding also averts the need for emergency legislation that Rep. Dick Schulze, R-Pa., had introduced on behalf of the agency.

The understanding between the steel creditors and the PBGC broke an impasse that had existed between the agency and other LTV creditors.

The concession by the PBGC to issue "contingent value rights" to other creditors who exchange their debt for LTV stock was intended to allay creditors' fears that LTV stock they would accept in the reorganization would trade at a discount, Harold Novikoff, partner, Wachtell, Lipton, Rosen & Katz, New York, told the bankruptcy court. Some creditor

See **LTV deal** *on page 54*


Congressional Investigation "LTV Bankruptcy" Close Loopholes
LTV Ret... need Permanent Health Care

TOM REED

LTV retirees protest over cuts to their supplemental pensions, which would be spared under an 'understanding' with the PBGC.

ServiceMaster moves to lure institutions

By Marlene Givant Star

DOWNERS GROVE, Ill. — ServiceMaster L.P., considered a bellwether among master limited partnerships, is planning an innovative financial restructuring that will allow it to attract institutional shareholders while preserving its MLP tax status.

Tax experts and MLP industry watchers think ServiceMaster's transaction could spur a flurry of restructurings by other MLPs eager for institutional ownership.

ServiceMaster's proposed restructuring would create a corporate security attractive to institutional owners who traditionally have shied away from MLP investments. In effect, it would create a corporation to own each of its major divisions with a similar security established for each major business unit. ServiceMaster is a food service, plant maintenance, hospital laundry and linen and pest control company.

At the same time, the company would continue to offer the tax benefits of a partnership to individual investors. The second phase of the plan converts ServiceMaster from partnership to corporate form by the end of 1997, when the current tax-law exemption expires.

Popular adoption of ServiceMaster's blueprint could open a universe of more than 120 master limited partnerships formed during the mid-1980s. The firms are owned mostly by individuals, although before conversion, institutional ownership was much higher. Many are oil and gas or real estate partnerships whose performance has suffered with downturns in both sectors.

Institutions have been avoiding MLPs since the Revenue Act of 1987 eliminated most tax advantages of limited partnerships, causing tax-exempt institutions to face an unrelated business income tax on income from the partnerships (*Pensions & Investments*, June 11, 1990).

Several other MLPs — eager to attract institutional investors and avoid complex, burdensome tax laws and reporting requirements — are holding special meetings to seek approval of conventional, tax-free conversions to corporate structures.

"Any time an MLP takes action like this it's entirely attributable to not having sufficient institutional ownership," said Robert Willens, senior vice president of Lehman Brothers, New York.

"There's no demand for (MLP) stock because you've cut out four-fifths of potential buyers. Stock prices have been suffering."

Executives of these MLPs also believe it will be easier to raise capital through equity and debt offerings if they free themselves from the limited partnership label. Limited partnerships have been the focus of recent congressional scrutiny because of incidents in which their value has been diluted in so-called "roll-up" transactions to compensate for bad investments.

ServiceMaster, which is 23% owned by institutions, soon will

See **Lure** *on page 54*

Chicago Consulting Actuaries: Lina Flores, left, James Peard, Harold Cooper and Thomas Terry.

ACTUARIES

Organization offering ways to help curb PBGC's bite

■ A young Chicago actuarial firm is taking a look at the increasingly high cost of doing business with the Pension Benefit Guaranty Corp.

Chicago Consulting Actuaries Inc., formed this year when four principals left the Chicago office of TPF&C, has begun offering a PBGC premium audit for firms that want to take a hard look at the premiums paid to the agency.

"PBGC premiums are just another tax," said Thomas Terry, president. "We believe that no plan sponsor should pay one dollar more than necessary."

According to Harold Cooper, principal, the audits focus on up to 20 items used in determining the premium payment schedule. He said there are savings to be found in both the base premiums, which have increased to $19 from $2.60 per employee in the last six years, and the variable premiums, for plans with unfunded liabilities, which range up to $54.

"We're convinced with what we're seeing in more than half of the cases that the premium they are paying is too high," Mr. Cooper said.

On the audits completed so far, he said, savings have ranged from $29,000 to $300,000.

"The difference between this and pension contributions is that those are self-correcting," he said. If contributions are too high in one year, the following year has a simple mechanism for paying less, Mr. Cooper said. Not so with PBGC premiums, he said.

— Curtis Vosti

CONSULTANTS

New firm keeping close to home

■ As William M. Mercer Inc. first downsized its Nashville office and then, eventually, closed it, five of its former employees set up shop to compete with the consulting giant on their home ground.

Acuff & Associates Inc., Nashville, whose primary focus is on Tennessee companies, will advise benefits administrators and handle administration, record keeping and reporting requirements.

Lucien B. Acuff said "benefits consulting requires a great deal of local presence." Mr. Acuff has been in Nashville since 1965, when he co-founded the benefits consulting firm H.W. Black & Associates.

Mercer acquired the firm in 1975 when it opened its Nashville office.

Mr. Acuff was vice president and managing director with Mercer until he resigned at the end of September to become senior consultant/retirement plans practice at the new firm.

L.B. Acuff

Joining Mr. Acuff from Mercer are David Kays and Michael G. Guyton as senior consultants/defined benefit practice; Trina D. Burrow, senior consultant/defined contribution practice; and Keith Stewart, manager of technology and information processing.

— Sabine Schramm

INTERNATIONAL

Salomon creates LDC bond index

■ The first total rate of return index for developing-country bonds has been introduced by Salomon Brothers Inc., New York.

Called the Salomon Brothers Brady Bond Index, the benchmark enables investment professionals to directly compare the historical rates of return and potential attractiveness of the lesser-developed country debt market with other markets.

Spurred by the March 1990 conversion of more than $50 billion in bank loans into easily tradeable bonds (under a plan proposed by Treasury Secretary Nicholas Brady), LDC debt has developed into a large, maturing capital market.

Brady bonds have outperformed most major categories of investments in their 17-month history. The bonds returned 51.73% in the 12-month period ended Aug. 31, compared with 14.64% for the Salomon Brothers Broad Investment-Grade Bond Index.

— Marlene Givant Star

INVESTING

NASDAQ ascends to stellar heights

■ The NASDAQ Composite index finished the third quarter with a 40.9% year-to-date return, more than double the increase of any other major U.S. index.

Share volume also was extraordinary — 29.9 billion shares during the first nine months of the year, topping the old three-quarter mark of 28.3 billion shares set in 1987. Dollar volume also set a record, surging to $491 billion from the previous all-time high of $395 billion also set in 1987.

During the first three quarters, the NASDAQ index established 18 all-time highs. Share volume is running at a 40 billion share pace this year, the best in the market's 20-year history. Overall, NASDAQ's share volume has climbed to 90% of the New York Stock Exchange's.

Initial public offerings continued to boom, with 196 deals raising $4.8 billion during the first nine months.

— Marlene Givant Star

10 largest NASDAQ percentage gainers

($3 minimum 1990 closing price)

	Closing price 12/31/90	Closing price 9/30/91	Gain (%)
Spartan Motors	3 7/8	26 3/4	590.32
Thorn Apple Valley	6 1/2	39 1/2	507.69
50-Off Stores	5 3/4	34 3/4	504.35
College Bound	4 3/8	23	425.71
LifeCore Biomedical	3 3/8	17 3/8	414.81
American Claims Evaluation	3	15 1/4	408.33
Artistic Greetings	3	14 7/8	395.83
Allied Research Corp.	3 1/4	14 3/4	353.85
Empi	4 3/32	18	340.85
Waterhouse Investor Services	3 1/4	14 1/4	338.46

Source: National Association of Securities Dealers, Washington

KIMBERLY MART

WASHINGTON

Public funds seek change in bankruptcy law

■ Public pension funds, through intensive lobbying efforts, have succeeded in getting a bill introduced in the U.S. Senate that would make them eligible to serve on creditors or equity holders committees in Chapter 11 bankruptcy proceedings.

Under the Federal Bankruptcy Code, governmental units such as public employee pension funds are ineligible to serve on such committees, even though they are often the biggest holders of bankrupt securities.

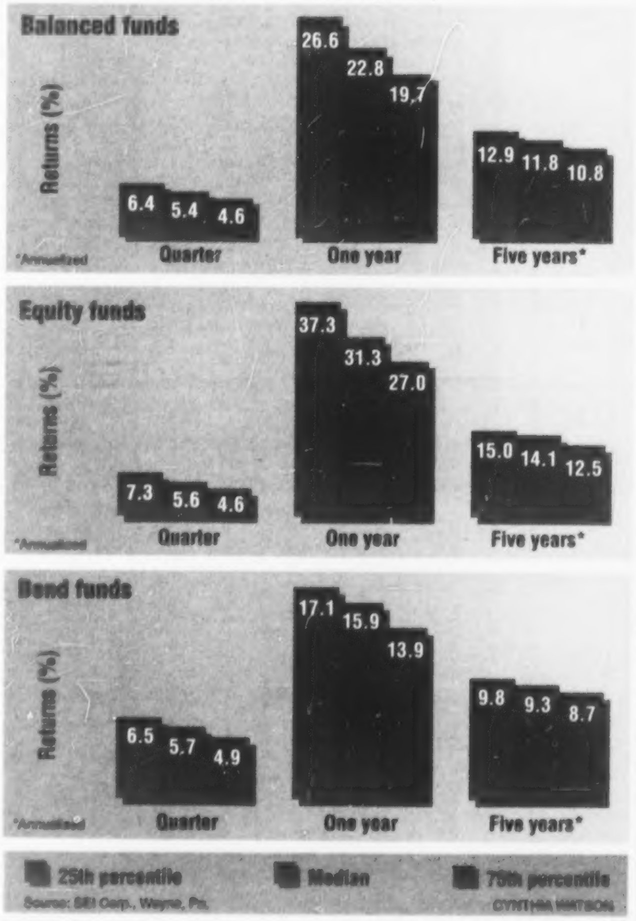
The bill, introduced by Sen. Herbert Kohl (D-Wis.), would amend the code's restriction stemming from the exclusion of governmental units in the definition of "person" in section 101(35).

Governmental units are excluded because of the assumption they would always hold tax claims, which are accorded priority status in bankruptcy distributions. But public funds, unlike other governmental entities, do not have tax claims and receive the same distribution treatment as ordinary creditors or equity holders. Consequently, public funds want the code to give them the same voting power as other institutional investors.

— Marlene Givant Star

SEI universe performance

(periods ended Sept. 30)

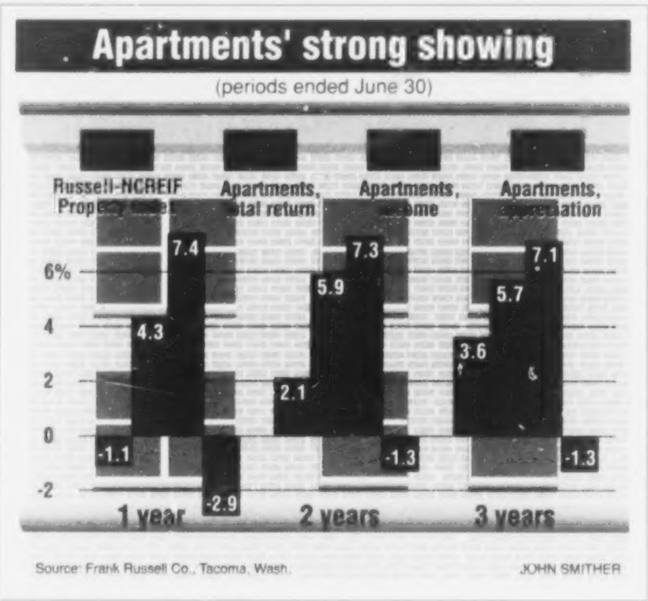


Source: SEI Corp., Wayne, Pa.

CYNTHIA WATSON

REAL ESTATE

Pension funds may have missed boat with apartments


Apartments' strong showing

(periods ended June 30)

Source: Frank Russell Co., Tacoma, Wash.

JOHN SMITHER

■ Apartments are the best-performing property type, but most pension portfolios contain only a small percentage of apartments.

Apartments achieved a total return of 4.3% for the year ended June 30, according to the Russell-NCREIF Property Index.

The overall index returned −1.1%; offices, −5.5%; retail, 2.8%; R&D/office, −1.3%; and warehouses, 0.3%.

Apartments also outperformed other property types for the quarter ended June 30, with a total return of 1.1%. For the same period, offices returned −1.2%; retail, 0.8%; R&D/office, 0.9%; and warehouses, 0.6%.

Apartments' one-year performance was hindered by negative appreciation. But a report by Real Estate Research Corp., Chicago, indicates apartment prices are being driven down by distressed sellers, and not a deterioration in investment fundamentals, said Jeffrey D. Fisher, director of the Center for Real Estate Studies at Indiana University, Bloomington.

Also, said Mr. Fisher, a Salomon Brothers Inc. report said the apartment market is moving from a condition of oversupply to a balance between supply and demand.

The balance is attributed to a drop in the supply of new apartments since 1986, when tax laws were changed, Mr. Fisher said.

Apartments make up slightly more than 10% of the value of properties in the Russell-NCREIF index, "leading some analysts to believe that apartments are underweighted in institutional real estate portfolios," Mr. Fisher said.

But some pension funds — including the $11.4 billion Los Angeles County Retirement Association — are considering adding apartments.

Norman Johnson, L.A. County board chairman, has asked the pension fund staff and consultant to look into using one of the fund's existing real estate managers as an additional apartment fund manager. The fund already holds some apartments.

And Southern Cos., Atlanta, allocated $14 million to apartment manager Metric Institutional Realty Advisors, San Francisco.

— *Steve Hemmerick*

BENEFITS

Loan provisions key in 401(k) plans

■ Workers won't put money into a 401(k) plan unless they can take it out, a demand that is pressuring most employers to put loan provisions into their plans.

But in their effort to encourage participation, companies potentially may jeopardize their retirement savings, said Scott Tanker, vice president in the Philadelphia office of employee benefits consultant Noble Lowndes.

Mr. Tanker designs loan provisions for 85% of all the plans he works with that are two years or older. "My major concern is to really get employees to realize that they're in the ultimate control of their financial destiny," he said. "The money that earns the most for you is the first money that you put in."

While 82% of senior corporate executives support federal initiatives to enhance post-retirement income, 90% back legislative efforts to remove the 10% penalty on early withdrawals, according to a recent Noble Lowndes survey.

"I'm very concerned as to whether the executives, instead of looking 10 years ahead, may be looking only 10 minutes ahead," Mr. Tanker said.

Executives want to eliminate penalty-free withdrawals to pay for uninsured medical expenses, college education and a primary residence.

To prevent employees from sapping their savings unless absolutely necessary, he suggested tailoring the provision design. Loan features can be adjusted to shorten the loan repayment period or limit the amount one can withdraw without penalty.

Under a standard loan provision, an employee can withdraw 50% of the vested account balance up to $50,000 but must pay it back within five years unless the loan is for the purchase of a first home.

— *Hillary Durgin*

EDUCATION

Course eases information overload

■ As a trustee of the Sacramento County Employees' Retirement System, Marilyn Woods knows the enormous quantity of information trustees are expected to grasp.

"You go to a meeting . . . and you get a little piece. It's hard to know . . . how the pieces fit," she said.

Her experiences as a trustee and as the former chief deputy of the California State Teachers' Retirement System reinforce her belief "there's a need for quality education for both trustees and staff."

Ms. Woods, vice president of the Institute for Fiduciary Education since she left California Teachers in 1988, is trying to meet that need. She has developed a three-day course, "Pension Fund Investing," offered through the IFE.

The first course was held in August 1990; the sixth is scheduled March 16-18. All are held on college campuses and limited to 30 participants to foster a "graduate-class atmosphere," she said.

M. Woods

Consultants, attorneys, actuaries, money managers and pension executives teach the sessions. Topics include fiduciary responsibility, asset classes, liabilities, development of investment management plans and hiring and evaluating managers and consultants.

The idea, she said, is to put everything into perspective.

— *Nancy K. Webman*

VENTURE CAPITAL

Investment may lead to other deals

■ A group led by Patricof & Co. Ventures and Morgan Stanley Venture Partners, both in New York, has acquired Protection One Alarm Services, Portland, Ore., a security alarm company.

Terms of the deal, which included debt and equity financings, were not disclosed.

The group will use its investment in the company to explore further acquisitions in the security alarm industry which, the investors believe, is ripe for consolidation, particularly on the West Coast.

Patricof manages more than $1.5 billion in venture capital funds.

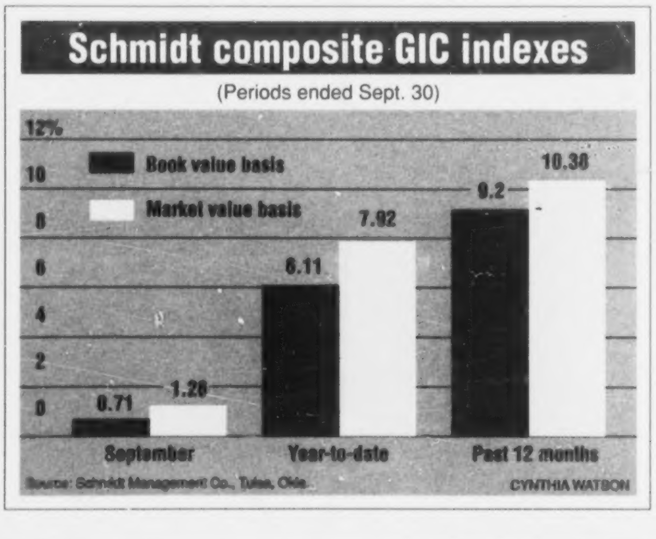
The Morgan Stanley investment comes from its $90 million later-stage venture capital fund.

Investors in the Morgan Stanley fund include two managers of managers, Alliance Capital Management L.P. and Brinson Partners, as well as such direct investors as Rockefeller Foundation and PosTel Investment Management Ltd.

Investors in the Alliance Capital fund include Ford Motor Co., Burlington Industries Inc., General Mills Inc., Merck & Co. Inc., Johnson & Johnson and Hoffman-LaRoche Inc.

Brinson Partners' investors include Ameritech Corp. and Southwestern Bell Corp.

— *Marlene Givant Star*


Schmidt composite GIC indexes

(Periods ended Sept. 30)

Source: Schmidt Management Co., Tulsa, Okla.

CYNTHIA WATSON

FINANCING

Latin firms tap private market

■ Mexico's Cemex S.A., one of the world's largest cement producers, and Brazil's Companhia Vale do Rio Doce, a large diversified company with interests in natural resources, industry and transportation, recently raised capital from U.S. private investors via the Securities and Exchange Commission's rule 144a.

Citicorp was the lead manager on both deals.

In its $150 million deal, Cemex became the first private-sector Latin American issuer to establish and issue under a Euro medium-term note program. The proceeds will be used to refinance existing debt at a lower cost.

Cemex's issue, in three $50 million tranches, had a yield of 10⅝% on the tranche with a two-year maturity; 10⅞% on the three-year tranche; and 11⅛% on the four-year tranche. The securities were listed in London and placed primarily in Europe and in the United States.

CVRD's $200 million issue marked its first entry into the international capital markets since the Latin debt crisis began in 1982. The notes, issued in Europe and in the United States, were sold to yield 11.45%.

"Investors were receptive to Mexican and Brazilian issuers and the attractive yields they offered (relative) to comparable issuers in the U.S. CVRD's success is an indication of market confidence in Brazil . . . It should set the stage for other issuers in Brazil," said Hari Hariharan, division executive for international corporate finance at Citibank N.A.

— *Marlene Givant Star*

ASSOCIATIONS

New name to reflect broader focus

■ In an effort to more accurately characterize the overall functions of its membership, the National Corporate Cash Management Association officially changed its name to Treasury Management Association at its annual conference in Orlando, Fla., Oct. 14.

TMA officials had discussed the change for several months, to broaden the appeal of the association to include the full range of treasury management specialties.

TMA
Treasury Management Association

While the name was being changed, the TMA also elected a new slate of officers for 1992. R. Duane Allison, assistant treasurer at the University of Iowa, Iowa City, was elected the new TMA president, replacing Martin Beierwaltes, vice president and assistant treasurer at Bankers Life and Casualty Co., Chicago.

Other 1992 TMA officers are Angelina M. Spoto, assistant treasurer of Ames Department Stores, Rocky Hill, Conn., vice president; Karl E. Rapp III, manager of banking and cash management, Martin Marietta Energy Systems, Oak Ridge, Tenn., treasurer; and Zada True-Courage, treasury manager, Harte-Hanks Communications Inc., San Antonio, Texas, secretary.

Newly elected TMA board members are Donald D. Aquila, manager of treasury operations, Thomas & Betts, Bridgewater, N.J.; Robert L. Kunde, vice president-finance, Seattle Telco Federal Credit Union, Seattle; Stephen F. Messerly, assistant treasurer, Ohio State University, Columbus; and David P. Smay, assistant treasurer, Chevron Corp., San Francisco.

— *Fred Williams*

A change in the landscape

Demands, technology create new niches in consulting

By Curtis Vosti

Spurred by client demand and widely available technology, consulting firms are changing the way they do business.

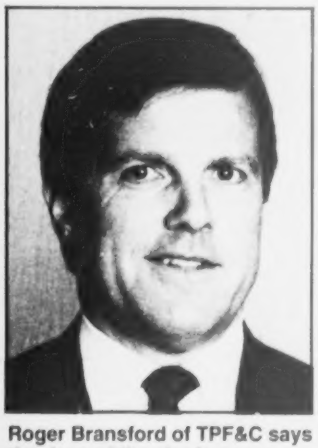
Pension executives are looking for increased specialization and expertise from consultants as their funds move beyond the traditional investment classes and plan designs.

The all-things-to-all-people supermarket approach that dominated consulting in the 1980s is splintering. Consulting fees and services more and more are being unbundled.

Meanwhile, technology has lowered barriers both for fund executives and new consulting firms, spawning more competition and feeding the demand for specialized services.

The trends are the tip of changes in sponsor/consultant relations. Familiar activities, such as the use of soft dollars, are losing their luster. Data bases, once the treasured property of major consultants, almost have become public domain.

"There's a clear sense that we've got people rethinking the nature of consulting," said Roger Bransford, national practice leader in Atlanta for TPF&C. "The days of omnibus or a single-source consultant doing everything for anyone are fading."



Roger Bransford of TPF&C says the days of the single-source consultant are fading.

One reason for the change, some say, is pension executives are catching up with — and at times exceeding — consultants on the learning curve in new investment areas and strategies. Services in such areas as defined contribution plans, international investing and real estate turnarounds sometimes are demanded before consultants are ready to help.

"The sophistication of the client demands a higher level of sophistication from the consultant," said Larry Davanzo, managing director of Asset Strategy Consulting, Los Angeles.

"From a consulting point of view, it's much more competitive than it used to be," said Steve Nesbitt, senior vice president of Wilshire Associates, Santa Monica, Calif. "Five years ago, I don't remember a specialty firm. Today there are dozens of them."

"It is very difficult for any firm, regardless of size, to be all things to all people," said James Beasley, chief executive officer of J.F. Beasley & Co. Inc., Highlands Ranch, Colo., which opened for business this year. "We're seeing a trend toward larger client sponsors using more than one consultant."

Michael Phillips of Frank Russell Co. says the firm is changing its bundled fees.

No longer is it enough for a consultant to help pension fund officers go from setting a policy today to hiring managers tomorrow.

"Historically, that process resulted in chasing past performance," said David Kudish, president and managing director of Stratford Advisory Group Inc., Chicago. Now, clients are looking beyond just deciding with whom to invest. For example, his firm is one of few that will make recommendations on areas such as style tilting, Mr. Kudish said.

"Consultants have to be more proactive. If a consulting firm is not prepared to put its head on the block, it's not going to get market share," he said.

Specialized consulting firms like Plexus Group, Santa Monica, Calif., offer pension executives a focused approach to looking at the implementation of their policy decisions in an effort to save money.

"We do not aspire to be a supermarket," said partner Ed Story. "Traditional consulting focused always on what to do. We look at the how, not the what."

Plexus associate Mark Edwards said the services offered by specialty consulting firms represent the maturation of the industry and the clients. "People are recognizing holes in the industry — questions that have never been asked before. Plan sponsors are no longer concerned as much with the revenue stream. They are looking to control or cut costs."

Institutional investors also are looking beyond the nation's boundaries, which has affected consulting firms in two ways.

Because of imminent requirement to report pension liabilities, multinationals are taking a closer look at their foreign subsidiaries. They want their consultants to have greater multinational expertise.

And the rush to invest internationally — beyond stocks and bonds into specialized classes such as small-cap stocks and currency hedging — calls for consultants to know more than just the returns of the Morgan Stanley Capital International Europe Australia Far East Index.

"Multinational plan sponsors are expecting you to be able to consult outside the U.S.," said TPF&C's Mr. Bransford. ". . . You need to know foreign laws."

The increasing use of alternative investments has helped push firms into more specialization. InterSec Research Corp., Stamford, Conn., has become a pre-eminent international consultant.

"With plan sponsors being more specific, as a result the consultant industry is more segmented," said Michael Beasley, senior vice president, of Callan Associates Inc., Atlanta. "There's a greater pressure and need on the part of consultants to have larger and more specialized research functions to deal with the various asset classes and investment managers."

That, he said, puts pressure on the smaller firms because they lack the resources of larger firms. "We have five support people for every consultant," he said.

Wilshire, Callan, The Frank Russell Co. in Tacoma, Wash., and others have responded to the demand by establishing autonomous consulting groups in international, real estate and other, specialized areas. "If we didn't have an autonomous group, people wouldn't think we offer those services," Wilshire's Mr. Nesbitt said.

Knowing exactly what services they are receiving has become an issue for some pension executives and trustees.

The $4 billion Kansas Public Employees Retirement System is looking for a new consultant because board members and the previous consultant differed over the scope of consulting responsibilities.

This time, the board will be certain what the job responsibilities are.

"We'll undoubtedly bundle down some of those functions," said Walt Cobler, chairman of the board of the Kansas system. "We won't use one consultant to do everything for us."

The firm just hired CDA Investment Technologies Inc., Rockville, Md., to do performance measurement, and Mr. Cobler said more consultant hires are on the way.

Kansas is not alone in looking for unbundled services. The demand has grown so that even Russell, the venerable consulting giant, is "redefining our consulting bundled retainer fee," said Russell President Michael Phillips. "We want to give clients a choice. They want more defined services and to be clear on what

See **Demands** *on page 40*

Larry Davanzo of Asset Strategy says clients are becoming more sophisticated.

The information contained in the profiles in this special report was obtained from questionnaires sent to the investment management consultants and from follow-up calls. All information is ©1991 Crain Communications Inc. Reproduction without permission is prohibited.

Alpha Consulting Group

210 E. Michigan St., Suite 410,
Milwaukee, Wis. 53202; (414)
276-8320

Alpha Consulting Group Inc. provides development of investment policies/objectives; development of appropriate asset allocation; U.S., global/international, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance evaluation; and additional analysis of U.S., global/international and real estate managers.

The firm has special expertise in identifying managers that outperform desired benchmarks, without undue risk. A performance-related fee on manager searches is offered to back up its work.

There are two professional consultants. Fees are payable in hard dollars.

Robert J. Bukowski is the client contact.

Asset Consulting Group Inc.

231 S. Bemiston, Suite 1210, St.
Louis, Mo. 63105; (314) 862-4848

Asset Consulting Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm also offers custodian search, selection and monitoring; minority- and woman-owned manager search and selection; and transaction and fund cost efficiency review.

The firm has special expertise in serving public, Taft-Hartley and Blue Cross/Blue Shield funds, and investment of insurance reserves.

The firm has 48 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are five professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Missouri State Employees, Blue Cross/Blue Shield of Connecticut, Central Illinois Laborers and University of Toledo.

Charles R. Holmes Jr. is the client contact.

Asset Manager Evaluation Service

135 E. Baltimore St., Baltimore, Md.
21202; (301) 727-1700

Asset Manager Evaluation Service, a subsidiary of Alex. Brown and Sons Inc., provides development of investment objectives and guidelines; asset allocation studies; and U.S. manager selection and performance measurement. Real estate consulting is offered through the parent.

The firm also offers historical performance evaluations, and has special expertise in the objective, qualitative analysis of money managers.

There are five professional consultants. Fees are payable in hard or soft dollars or as a percentage of assets on a wrap fee basis, with no charge for consulting, commissions or custodial costs.

The firm's parent offers investment management.

Richard L. Schubert is the client contact.

Asset Strategy Consulting

11766 Wilshire Blvd., Los Angeles,
Calif. 90025; (213) 445-5400

Asset Strategy Consulting provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, futures/options and GIC manager selection and performance measurement; and additional performance analysis for U.S. and international/global managers.

The firm also offers plan cost containment services.

The firm evaluates existing investment capabilities; recommends new products and markets; creates investment capabilities for new markets; coordinates organizational and marketing strategy; and designs client/consultant communication programs for the investment management industry.

The firm has special expertise in global investment. It offers a proprietary manager data base and other investment technology, including manager and plan performance attribution.

The firm has one tax-exempt client on retainer.

There are five professional consultants. Fees are payable in hard or soft dollars.

Other financial services provided are investment banking advice and investment management consulting services to financial institutions, including asset allocation, investment guidelines, performance measurement and manager searches.

Lawrence E. Davanzo is the client contact.

Bacon & Woodrow

St. Olaf House, London Bridge City,
London SE1 2PE, U.K.;
71-357-7171

Bacon & Woodrow, an international consultant, provides development of investment policies and objectives; development of appropriate asset allocation; U.K., international/global, real estate, venture capital and futures/options manager selection and additional performance analysis. Performance measurement is offered for U.K., real estate and futures/options managers.

The firm also offers asset/liability studies, investment committee attendance, portfolio analysis, investment management monitoring and advice on client agreement letters.

The firm provides general advice in relation to market positioning and marketing to the investment management industry.

The firm has special expertise in all aspects of U.K. pension fund investment management and the analysis of U.K. equity portfolios.

The firm has 410 tax-exempt non-retainer clients.

There are nine professional consultants. Fees are payable in hard dollars.

Other financial services provided are actuarial and strategic consulting to pension funds, banks and insurance companies, as well as communications services.

Tax-exempt clients include Procter & Gamble, Glaxo, SmithKline Beecham and Reuters.

David Hager is the client contact.

Bailard Biehl & Kaiser

2755 Campus Drive, San Mateo, Calif.
94403; (415) 571-5800

Bailard Biehl & Kaiser specializes in the development of appropriate global portfolio asset allocation models for specific client objectives and levels of risk, within a framework of expected economic circumstances.

The firm has 10 tax-exempt clients on retainer.

There are seven professional consultants. Fees are payable in both hard and soft dollars.

The firm also manages money.

Tax-exempt retainer clients include California Public Employees, Hughes Aircraft, Delaware, Bechtel Power, Ralston Purina and Ameritech.

Brian E. Schaefer is the client contact.

BARRA

1995 University Ave., Berkeley, Calif.
94704; (510) 548-5442

BARRA provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, private placements, futures/options and GIC performance measurement and additional performance analysis.

The firm also offers portfolio risk analysis and optimization (for the U.S., U.K., Canada, Australia, Germany, Japan, Sweden, Switzerland, France and world markets and emerging markets); asset allocation tools; currency risk modeling; multiple manager analysis; normal portfolio construction and library; customized valuation and risk models; seminars; and newsletters.

The firm provides U.S. and international equity and fixed-income analyses; risk models of the world's major and emerging capital markets; and value-added consulting to the investment management industry.

The firm has special expertise in quantitative investment.

The firm has 215 tax-exempt clients on retainer.

There are 132 professional consultants. Fees are payable in hard and soft dollars.

Todd Doersch is the client contact.

Beacon Hill Financial Corp.

19 Elm St., Cohasset, Mass. 02025;
(617) 383-2300

Beacon Hill Financial Corp. provides development of investment policies and objectives and real estate, venture capital, LBO, and private placements manager selection.

The firm also offers distribution and marketing of private placement partnerships to the investment management industry, and has special expertise in marketing analysis.

The firm provided services to 21 non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in hard dollars.

Other financial services provided are investment banking and corporate finance advisory.

Robert F. Johnston is the client contact.

Bear Stearns Fiduciary Services Inc.

805 15th St., N.W., Suite 1120,
Washington, D.C. 20005; (202)
898-2270

Bear Stearns Fiduciary Services Inc., a subsidiary of The Bear Stearns Cos. Inc., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection.

Performance measurement and additional performance analysis are offered for U.S., real estate, venture capital, private placements, futures/options and GIC managers.

The firm also offers independent fiduciary services for employee benefit plans in transactions between the plans and their corporate sponsors.

The firm has special expertise in applying ERISA "prudent expert" standards to pension plans' investment-related activities.

The firm has 21 tax-exempt clients on retainer and provided services to three non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in hard dollars.

Other financial services provided are investment banking and brokerage.

Elizabeth Henderson is the client contact.

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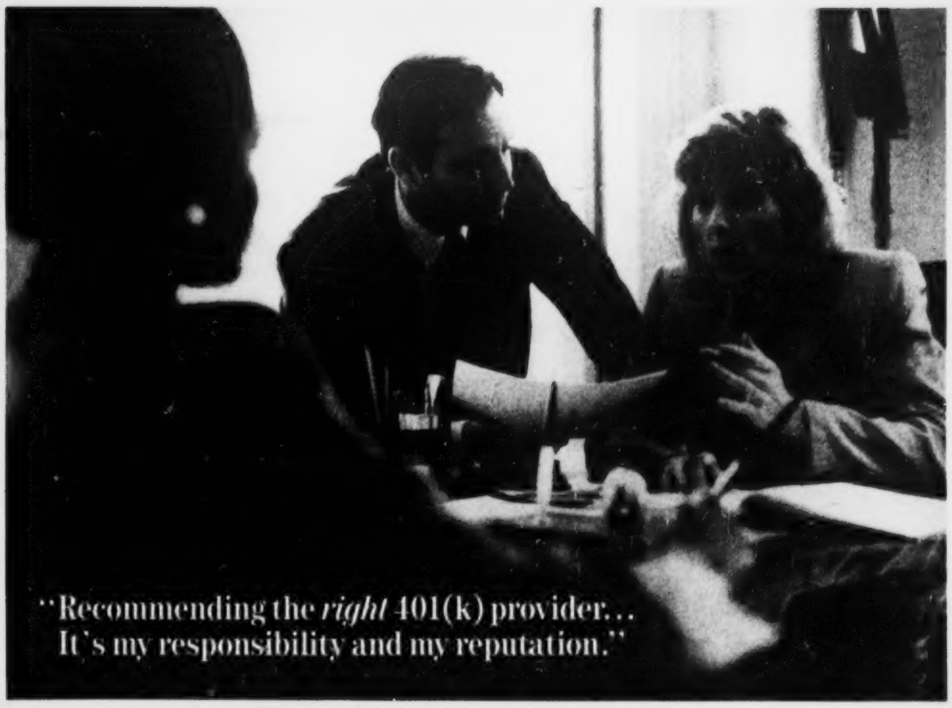
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1865 Mountain Laurel Circle,
Highlands Ranch, Colo. 80126;
(303) 791-9153

J.F. Beasley & Co. Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., private placements, futures/options and GIC manager selection and performance measurement.

The firm also offers cash management for public asset pools.

It provides infrastructure consulting to start-up minority, female and emerging managers. The firm also licenses investment technology (derivatives and fixed-income products) to the investment management industry. It offers multimanager expertise to trust companies and trust departments of banks to create programs for small and medium-size asset pools.

The firm has an extensive data base of minority, female and emerging managers.

The firm has one tax-exempt client on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There is one professional consultant. Fees are payable in both hard and soft dollars.

Other financial services provided are corporation reorganization and restructuring and cash management.

James F. Beasley is the client contact.

Becker, Burke Associates

221 N. LaSalle St., Suite 1000,
Chicago, Ill. 60601; (312) 782-5665

Becker, Burke Associates provides development of investment policies and objectives, development of appropriate asset allocation; U.S., international/global, real estate, venture capital, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis. Performance measurement and additional analysis is offered on LBO managers.

The firm offers a customized performance standard that provides special performance backgrounds for analysis of manager returns and performance fees. Specialized research studies also are developed.

The firm provides performance measurement and special projects to the investment management industry.

It has special expertise in investment policy, manager structure, manager searches, performance-based fees, performance attribution, foreign manager searches and Blue Cross reserves.

The firm has 24 tax-exempt clients on retainer and provided services to six non-retainer tax-exempt clients during the past year.

There are three professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Chicago Municipal Employees, Kentucky Teachers, NALCO Chemical and Perkin Elmer.

Ed Burke, Howard Pohl and Margarett Gorodess are the client contacts.

Becker & Rooney Inc.

Glenpointe Centre East, 3rd Floor,
Teaneck, N.J. 07666; (201)
836-6868

Becker & Rooney Inc. provides GIC performance measurement and additional performance analysis. The firm also offers development of long-term GIC investment strategy; orchestration of competitive bidding; evaluation of GIC provider creditworthiness, plan design consulting; assistance with acquisition and spinoff issues and administrative problems; and negotiations with in-force carriers.

The firm has five tax-exempt clients on retainer and provided services to 70 non-retainer tax-exempt clients during the past year.

There are five professional consultants. Fees are payable in both hard and soft dollars.

Murray L. Becker is the client contact.

Bidart & Ross Inc.

6490 S. McCarran Blvd., Suite 15,
Reno, Nev. 89509; (702) 826-6400

Bidart & Ross Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm has special expertise in asset allocation studies; employee communications; presentations; cost containment services; and manager, actuarial and custodial searches and evaluations.

The firm has 25 tax-exempt clients on retainer and provided services to four non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Other financial services provided are cost containment and trade execution analysis.

Tax-exempt retainer clients include Blue Cross/Blue Shield, Evans & Sutherland, Idaho Power and The Washington Cos.

James Ross is the client contact.

Alan D. Biller & Associates

P.O. Box 30, Palo Alto, Calif. 94302;
(415) 328-7283

Alan D. Biller & Associates Inc. provides development of investment policies and objectives, development of appropriate asset allocation, U.S., international/global, real estate, futures/options and GIC manager selection and performance measurement. Additional performance analysis is available for U.S. and real estate managers.

The firm also acts as a fiduciary adviser and is involved in all aspects if investment planning, management, reporting and coordination with other service providers.

The firm has five tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Western Teamsters, ILWU-PMA, Todd-Pacific-IUMSWA No. 9 and Arctic Slope Regional Corp.

Alan D. Biller is the client contact.

Buck Pension Fund Service

2 Pennsylvania Plaza, New York, N.Y.
10021; (212) 330-1248

Buck Pension Fund Service Inc., a subsidiary of Buck Consultants Inc., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement. Additional performance analysis is offered for U.S. and international/global managers.

The firm provides development of normal portfolios on a selective basis to the investment management industry.

It has special expertise in asset/liability studies, equity and fixed-income risk analysis, and the development of equity and fixed-income asset list normals.

The firm has 20 tax-exempt clients on retainer and provided services to more than 25 non-retainer tax-exempt clients during the past year.

There are seven professional consultants. Fees

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Suite 600
Washington, DC 20036

are payable in both hard and soft dollars.

Tax-exempt retainer clients include New York State Teachers, Southwestern Bell and the Organization of American States.

William H. Overgard is the client contact.

Callan Associates Inc.

71 Stevenson St., Suite 1300, San
Francisco, Calif. 94105; (415)
974-5060

Callan Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm provides style performance reports, investment measurement services, presentation consulting, marketing program analysis and product analysis to the investment management industry.

The firm has special expertise in strategic planning to include asset allocation, liability simulation and asset mix optimization.

The firm has 231 tax-exempt clients on retainer and provided services to 40 non-retainer tax-exempt clients during the past year.

There are 35 professional consultants. Fees are payable in both hard and soft dollars.

Ronald D. Peyton is the client contact.

Cambridge Associates Inc.

1 Financial Center, Boston, Mass.
02111; (617) 439-3232

Cambridge Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement. Additional performance analysis is offered for U.S., international/global, real estate, venture capital, LBO, private placements and futures/options managers.

The firm also offers extensive investment and financial planning research reports.

The firm has special expertise in investment and financial planning for universities, foundations, museums, hospitals, international organizations and other non-profit institutions. Extensive coverage is offered of non-traditional investment categories, such as venture capital, real estate and global investing.

The firm has more than 250 tax-exempt clients on retainer.

There are 30 professional consultants. Fees are payable in both hard and soft dollars.

Daniel T. Lynch is the client contact.

The Carmack Group Inc.

1961 Huntington Drive, Suite 201,
Alhambra, Calif. 91801-1240; (818)
289-0873

The Carmack Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, venture capital, futures/options and GIC manager selection, performance measurement and relevant benchmark analysis.

The firm offers customized performance comparisons and evaluations for client reporting. Four different techniques are used to develop relevant benchmarks for individual portfolios.

It provides analytical graphics reports using standard indexes and relevant benchmarks to the investment management industry.

The firm has two tax-exempt clients on retainer and provided services to 20 non-retainer tax-exempt clients during the past year.

There are 14 professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Cal Tech, Loyola Marymount and the Common Fund.

James A. Carmack is the client contact.

Burgess Chambers and Associates Inc.

400 New York Ave., Suite 200, Winter
Park, Fla. 32789; (407) 644-0111

Burgess Chambers and Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global and real estate manager selection and performance measurement.

The firm has 12 tax-exempt clients on retainer.

There are two professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Pipefitters Local 803, Port Orange Fire and Reserve, Cocoa Police and Sanibel Police.

Burgess Chambers is the client contact.

R.B. Clelland & Co. Inc.

50 California St., Suite 2535, San
Francisco, Calif. 94111; (415)
393-8067

R.B. Clelland & Co. Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global manager selection, performance measurement and additional performance analysis.

The firm has special expertise in insurance asset/liability management.

The firm has three tax-exempt clients on retainer.

There are two professional consultants. Fees are payable in hard and soft dollars.

The firm offers SEI Wealth Management Services and Kingsley, Jennison's Dynamic Funds Management as investment vehicles.

Other financial services are provided for property and casualty insurance companies and high-net-worth families.

Tax-exempt retainer clients include O.I.S. Energy, U.S. Land Lease, San Diego Butchers and C&C Investments.

Robert B. Clelland is the client contact.

Collins Associates

840 Newport Center Drive, Newport
Beach, Calif. 92660; (714) 644-5771

Collins Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and venture capital manager selection. Performance measurement and additional performance analysis are offered for U.S. and international/global managers.

The firm has special expertise in alternative asset classes, market neutral investment strategies, hedge funds, short sellers and distressed securities.

There are seven professional consultants. Fees are payable in hard dollars.

The firm offers group investment trusts in conventional equities, market neutral strategies, hedge funds, short sellers and distressed securities.

Tax-exempt retainer clients include Xerox, Sunkist Growers, Portland General and Safeway.

Monnie Elliott is the client contact.

Profiles of the largest pension funds will appear in the Jan. 20 issue of *Pensions & Investments*.

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Geoffrey R. Norman
Executive Vice President
203 326-2316

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610 Fifth Ave., Suite 420, New York,
N.Y. 10020; (212) 307-1830

Colonial Consulting provides development of investment policies and objectives, development of appropriate asset allocation and U.S., international/global, real estate, venture capital, LBO, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm has special expertise in consulting to endowments and foundations.

The firm has 13 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are eight professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Dominion Resources, Carnegie Endowment for International Peace, National Council of the YMCAs and the Charles A. Dana Foundation.

Jeffrey Teper is the client contact.

Consulting Group
222 Delaware Ave., Ninth Floor,
Wilmington, Del. 19801; (312)
648-3052

Consulting Group, a division of Shearson Lehman Brothers Inc., provides development of investment policies and objectives, development of appropriate asset allocation, and U.S. and international/global manager selection, performance measurement and additional performance analysis.

The firm has special expertise in qualitative and quantitative proprietary investment manager analysis.

The firm has 210 tax-exempt clients on retainer.

There are 131 professional consultants. Fees are payable in both hard and soft dollars.

The firm offers a manager of managers service.

Tax-exempt retainer clients include Kansas Power & Light Gas Service, Cincinnati, University of Arizona Foundation and Service Employees International.

David J. Shanahan, in Chicago, is client contact.

Consulting Services Group
80 Monroe Ave., Suite 800, Memphis,
Tenn. 38103, (901) 525-8080

Consulting Services Group L.P. provides development of investment policies and objectives, development of appropriate asset allocation, and U.S., international/global, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis. Performance measurement also is offered for real estate and venture capital.

The firm provides marketing advice and brochures to the investment management industry.

It has special expertise in ongoing performance evaluation of a total fund, as well as in assistance in structuring and planning for insurance and benefit needs.

The firm has 31 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are 15 professional consultants. Fees are payable in both hard and soft dollars.

The firm owns a limited purpose brokerage subsidiary.

Tax-exempt retainer clients include Memphis Light, Gas and Water; Hospital Corp. of America; LeBonheur Children's Medical Center; and Terminix International L.P.

E. Lee Giovannetti is the client contact.

Dahab Associates Inc.
52 Nassau Ave., Islip, N.Y. 11751;
(516) 277-8301

Dahab Associates Inc. provides development of investment policies and objectives, development of appropriate asset allocation, and U.S., international/global, real estate, and GIC manager selection, performance measurement and additional performance analysis.

The firm has special expertise in asset allocation, manager search and performance measurement.

The firm has eight tax-exempt clients on retainer and provided services to 34 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Pennsylvania Municipal; Newport News, Va.; National Council of Churches; and Harvard Industries.

Richard E. Dahab and Janine M. Foreman are the client contacts.

Dain Bosworth Inc.
100 Dain Tower, Minneapolis, Minn.
55402; (612) 371-2707

Dain Bosworth Inc. provides development of investment policies and objectives, development of appropriate asset allocation, and U.S., international/global, futures/options and GIC manager selection and performance measurement. Performance measurement also is available for real estate, venture capital, LBOs and private placements. Additional performance analysis is offered for U.S. managers.

The firm provides research, statement of investment policy, performance review, performance evaluation and participant communication to the investment management industry.

The firm has special expertise in working with participant-directed accounts to create a cost-effective menu of investment options, to plan communication meetings and to develop full investment programs.

The firm has three tax-exempt clients on retainer.

There are 17 professional consultants. Fees are payable in both hard and soft dollars.

Brokerage services are available.

Tax-exempt clients include Ben Bridge Jeweler, G.I. Joe's and Ochoco Lumber.

Linda Henderson and Rhonda L. Thompson are the client contacts.

Davies Investment Associates Inc.
215 Piedmont Ave. N.E., Suite 1009,
Atlanta, Ga. 30308; (404) 525-7541

Davies Investment Associates Inc. provides development of investment policies and objectives, development of appropriate asset allocation, and U.S., international/global and real estate manager selection and performance measurement. GIC manager selection is available, and additional performance analysis is available for U.S. managers.

The firm has eight tax-exempt clients on retainer and provided services to 12 non-retainer tax-exempt clients during the past year.

There is one professional consultant. Fees are payable in both hard and soft dollars.

James J. Davies is the client contact.

Debenham Tewson International
717 Fifth Ave., 15th Floor, New York,
N.Y. 10022; (212) 458-8218

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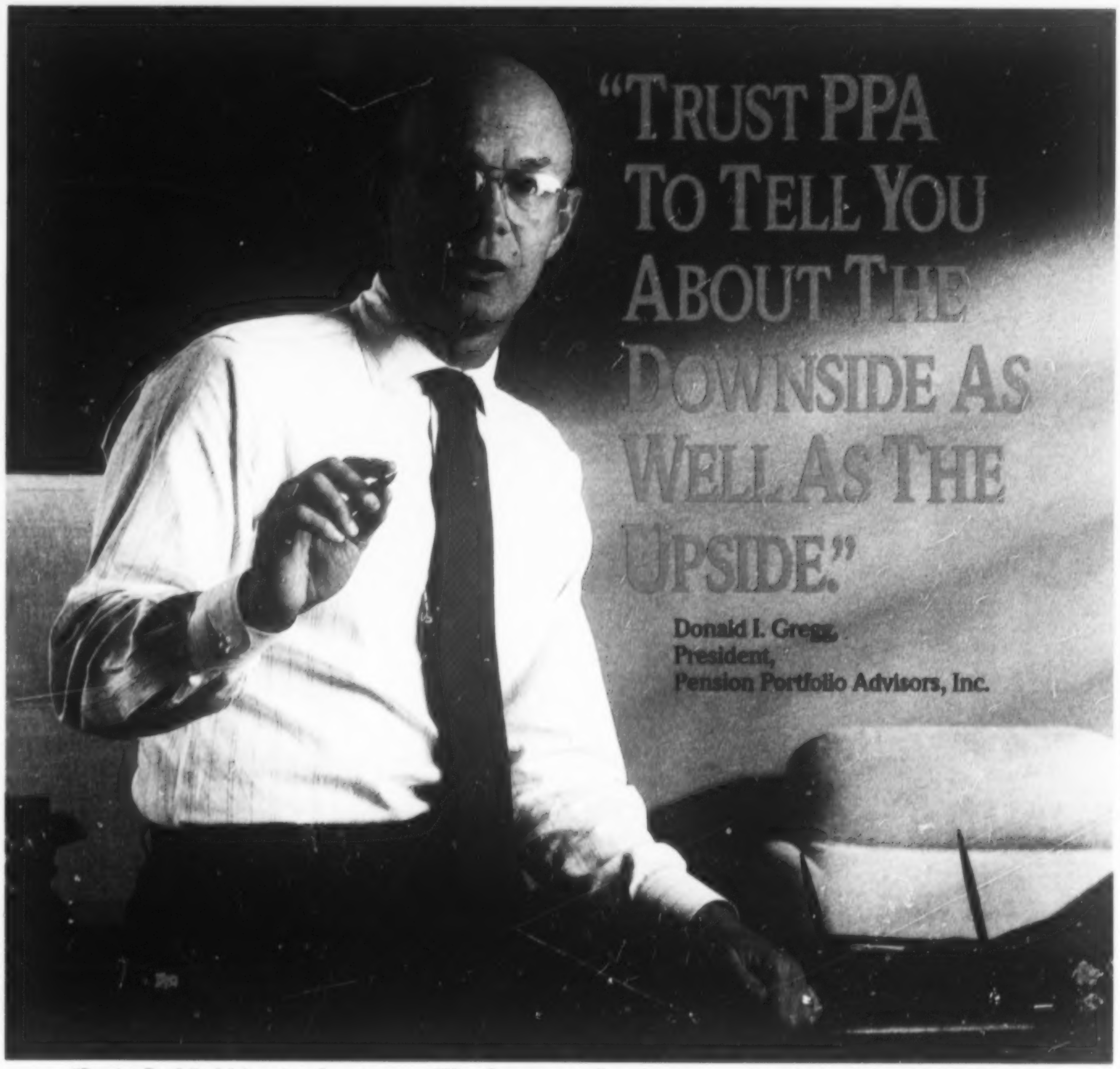
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Debenham Tewson & Chinnocks, provides development of investment policies and objectives, development of appropriate asset allocation; and real estate performance measurement and additional performance analysis.

The firm provides real estate advisory services to the investment management industry. It has special expertise in real estate on a global basis.

The firm has three U.S. tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in hard dollars.

C.L.J. Wood is the client contact.

DeMarche Associates Inc.

1900 W. 47th Place, Westwood, Kan.
66205; (913) 384-4994

DeMarche Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, private placements, futures/options and GIC manager selection. Performance measurement is offered for U.S., international/global, real estate, venture capital, private placements and GIC managers.

The firm also offers capital market research and advisory services and tactical asset allocation recommendations.

Portfolio diagnostics, attribution and performance comparisons are available to the investment management industry.

The firm has special expertise in capital market research and manager search and selection.

The firm has 123 tax-exempt clients on retainer.

There are 16 professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Baxter International, Emerson Electric, Inland Steel and Missouri Public Schools.

Steve Farrell is the client contact.

Dorn & Helliesen Inc.

1995 University Ave., Suite 380,
Berkeley, Calif. 94704; (510)
548-3400

Dorn & Helliesen Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm has 10 tax-exempt clients on retainer and provided services to one other during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Retail Clerks, Alameda County, Contra Costa County and Idaho Public Employees.

William R. Cottle and Robert I. Helliesen are client contacts.

Effron Enterprises Inc.

363 Westchester Ave., Port Chester,
N.Y. 10573; (914) 939-0200

Effron Enterprises Inc. provides U.S. and international/global manager selection, performance measurement and additional performance analysis.

The firm also offers domestic and global manager data bases.

The firm provides a money manager data base, performance measurement and portfolio accounting to the investment management industry.

The firm has special expertise in manager search and evaluation, performance measurement, portfolio accounting, statistical analysis, hybrid and customized indexes and portfolio strategies. International investment theory and customized investment projects also are emphasized.

The firm has 130 tax-exempt clients on retainer.

There are 18 professional consultants. Fees are payable in both hard and soft dollars.

Steve Klein is the client contact.

Managers Scoreboard: Feb. 3.

Ennis, Knupp & Associates

10 S. Riverside Plaza, Suite 700,
Chicago, Ill. 60606; (312) 715-1700

Ennis, Knupp & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis. Performance measurement also is offered on LBOs.

The firm also offers capital markets research, manager style analysis and investment policy planning. It has special expertise in foreign investments, currency hedging, real estate and venture capital.

The firm has 67 tax-exempt clients on retainer and provided services to 14 non-retainer tax-exempt clients during the past year.

There are 21 professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Georgia-Pacific, Chicago Police, Central Pension Fund (IUOE) and the MacArthur Foundation.

James F. Knupp is the client contact.

Evaluation Associates Inc.

200 Connecticut Ave., Norwalk, Conn.
06854; (203) 855-2200

Evaluation Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm also offers profiles on more than 300 money managers and and a manager of managers investment strategy.

The firm provides domestic and international equity performance evaluation and attribution to the investment management industry.

The firm has special expertise in evaluating and selecting both traditional and non-traditional investment managers.

The firm has 85 tax-exempt clients on retainer and provided services to 16 non-retainer tax-exempt clients during the past year.

There are eight professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Colgate-Palmolive, Martin Marietta, Baltimore and Pennsylvania Public Schools.

Robert B. Mayerick is the client contact.

Fidelity Financial Group Inc.

4100 W. Flamingo Road, Las Vegas,
Nev. 89103; (702) 871-8510

Fidelity Financial Group Inc. offers domestic equity, fixed-income and balanced searches.

The firm provides measurement reports, investment policy statements and manager searches to the investment management industry.

The firm has special expertise in manager searches and monitoring.

The firm has provided services to 40 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Randy Garcia is the client contact.

Fiduciary Consultants Inc.

7733 Forsyth Blvd., Suite 1850, St.
Louis, Mo. 63105; (314) 862-1000

Fiduciary Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis.

The firm also offers evaluation and selection of custodial, actuarial and administrative services and cost containment.

The firm has special expertise in securities transaction analysis and asset allocation.

The firm has 24 tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include St. Louis Carpenters; Sisters of Mercy, St. Louis; City of Kirkwood and J. Henges Enterprises.

Brian L. Goding is the client contact.

Financial Guaranty Corp.

7600 France Ave. S., Edina, Minn.
55435; (612) 893-1334

Financial Guaranty Corp. provides GIC/BIC strategy analysis, issuer selection, credit analysis, portfolio structuring and liquidity analysis.

The firm has 10 tax-exempt clients on retainer and provided services to 24 non-retainer tax-exempt clients during the past year.

There are three professional consultants. Fees are payable in hard or soft dollars.

Tax-exempt retainer clients include Toro, Farmers Union Central Exchange and Minnesota Power.

Robert K. Richey is the client contact.

Gifford Fong Associates

1 Walnut Creek Center, 100 Pringle
Ave., Suite 630, Walnut Creek, Calif.
94596; (510) 932-1910

Gifford Fong Associates, a subsidiary of Prudential, provides development of investment policies and objectives, development of appropriate asset allocation, and U.S. and GIC manager investment performance measurement and additional analysis.

The firm provides a full range of research and application of theoretical concepts to fixed-income and equity portfolio management strategies to the investment management industry.

The firm has special expertise in security valuation, immunization, indexing and performance attribution.

There are 15 professional consultants. Fees are payable in both hard and soft dollars.

Tina Norris is the client contact.

A. Foster Higgins & Co. Inc.

212 Carnegie Center, Princeton, N.J.
08543-5323; (609) 520-2480

A. Foster Higgins & Co. Inc., a subsidiary of Johnson & Higgins, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and GIC manager selection and performance measurement. Additional analysis is offered for U.S., international/global and GIC investments.

The firm has special expertise in GICs and GIC alternatives, savings plan investments, investment education and asset/liability modeling.

There are nine professional consultants. Fees are payable in hard dollars.

Brian C. Ternoey is the client contact.

Proxy season preview: March 30.

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CONSULTANTS

Fund Evaluation Group
414 Walnut St., Suite 812, Cincinnati, Ohio 45202; (513) 977-4400

Fund Evaluation Group provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global manager selection and performance measurement. The firm also offers insurance company consulting.

The firm has special expertise in not-for-profit organizations, religious organizations and insurance companies.

The firm has 80 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are six professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Wolverine World Wide Catholic Relief Services, Indiana University and Michigan State University Foundation.

H. Bradley Eden is the client contact.

Gaston & Associates Inc.
840 Plaza West, 415 N. McKinley, Little Rock, Ark. 72205; (501) 661-1010

Gaston & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager selection, performance measurement and additional analysis.

There are two professional consultants. Fees are payable in hard dollars.

The firm is also a broker dealer.

James E. Gaston and Jennifer W. Wilson are the client contacts.

Global Asset Management Associates Inc.
955 Park Ave., New York, N.Y. 10028; (212) 744-0640

Global Asset Management Associates Inc. provides development of international/global investment policies and objectives; development of appropriate asset allocation; and additional analysis. Analysis also is provided for venture capital and private placements.

The firm also analyzes performance measurement systems and manager performance.

The firm provides consultation and individual advice to the investment management industry.

The firm has special expertise in Europe and Japan.

The firm has three tax-exempt non-retainer clients and provided services to one non-retainer tax-exempt client during the past year.

There is one professional consultant. Fees are payable in hard dollars.

A.J. Warner is the client contact.

Griffin & Associates
6114 LaSalle Ave., Suite 294, Oakland, Calif. 94611; (510) 531-7977

Griffin & Associates provides development of investment policies and objectives and appropriate asset allocation. The firm offers U.S., private placements and GIC manager selection. Performance measurement is offered for GIC managers and additional analysis is available for U.S. and GIC investments. The firm also offers BIC consulting.

The firm has special expertise in design and implementation of both defined benefit and defined contribution plans. Specialized training programs are offered for human resources personnel as well as marketing SEP and SAR programs with investment professionals.

The firm has seven tax-exempt clients on retainer and provided services to 11 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

John J. Griffin is the client contact.

Hamilton & Co. Inc.
101 Carnegie Center, Princeton, N.J. 08540; (609) 452-0300

Hamilton & Co. Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm also offers a monitoring and reconciliation service that checks all activities in the custodial and investment management area.

The firm provides domestic and international investment planning, organization and supervision to the investment management industry.

The firm has 50 tax-exempt clients on retainer.

There are 10 professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include the American Automobile Association, Fairfax County Educational Employees and UFCW District Union Local 1.

Susan C. Lohuis and Neil T. Johnson are client contacts.

Hamilton Consulting Services
2 N. LaSalle, Chicago, Ill. 60602; (312) 444-2108

Hamilton Consulting Services, a subsidiary of Household International, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., manager selection, performance measurement and additional analysis. Performance measurement and additional analysis also is offered for international/global investments.

The firm has special expertise in investment policy development.

The firm has five non-retainer tax-exempt clients.

There are two professional consultants. Fees are payable in both hard and soft dollars.

The firm also has a full-service, broker/dealer affiliation.

Barry K. Mendelson is the client contact.

Hammond & Hammond
P.O. Box 3567, Bellevue, Wash. 98009; (206) 451-2600

Hammond & Hammond provides development of investment policies and objectives as well as U.S. manager selection and performance measurement.

The firm has special expertise in Pacific Northwest manager selection.

There are two professional consultants. Fees are payable in hard dollars.

Craig Hammond is the client contact.

Robert Harrell Inc.
Lakeside Square, 12377 Merit Drive, Dallas, Texas 75251; (214) 934-7811

Robert Harrell Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm has special expertise in asset allocation, performance enhancement and cost reduction.

The firm has 18 tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Associated Milk Producers, E-Systems, Ennis Business Forms and Trinity University.

Robert Harrell is the client contact.

Hewitt Associates
100 Half Day Road, Lincolnshire, Ill. 60069; (708) 295-5000

Hewitt Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, futures/options and GIC manager selection, performance measurement and additional analysis. Performance measurement and additional analysis also is available for private placements.

The firm also offers asset/liability projections, trustee and custodian evaluation and selection and defined contribution plan consulting.

It has special expertise in manager monitoring, asset/liability studies and customized benchmark analysis.

The firm has 72 tax-exempt clients on retainer and provided services to 50 non-retainer tax-exempt clients during the past year.

There are 18 professional consultants. Fees are payable in both hard and soft dollars.

Other financial services provided are employee benefits consulting; compensation studies; defined contribution plan record keeping and administration; and international consulting.

Tax-exempt retainer clients include AMP, Upjohn, Hershey Foods and Southland Corp.

Ronald A. Jones is the client contact.

Higgins Associates Inc.
124 Mount Auburn St., Cambridge, Mass. 02138; (617) 864-8200

Higgins Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global manager selection and performance measurement.

The firm has seven tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in both hard and soft dollars.

The firm also provides a customized pool of mutual funds.

Tax-exempt retainer clients include Western Union and Conrail.

Mel Higgins is the client contact.

Holbein Robertson & Associates
15303 Dallas Parkway, Suite 485, Dallas, Texas 75248; (214) 458-3205

Holbein Robertson & Associates, a subsidiary of Holbein Associates Inc., provides development of investment policies and objectives; development of appropriate asset allocation, and U.S., international/global, real estate, venture capital, futures/options and GIC manager selection and performance measurement. Additional analysis is offered for U.S., international/global, real estate, venture capital and futures/options investments.

It has special expertise in pension asset liability simulation and manager mix analysis.

The firm has nine tax-exempt clients on retainer and provided services to one non-retainer tax-exempt client during the past year.

There are three professional consultants. Fees are payable in both hard and soft dollars.

The firm provides a directed brokerage facility for plan sponsors on a best cost, best execution basis.

Tax-exempt retainer clients include Texas Teachers, Texas State Permanent School Fund, Louisiana Teachers and Stewart & Stevenson Services.

Richard Holbein is the client contact.

Ibbotson Associates Inc.
8 S. Michigan Ave., Suite 700, Chicago, Ill. 60603; (312) 285-1000

Ibbotson Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global performance measurement and additional analysis.

The firm provides capital market returns data bases, software and specialty research and consulting to the investment management industry.

The firm has special expertise in analyzing the pension plan in the context of the "economic" balance sheet that considers pension assets and liabilities to be part of the firm's assets and liabilities in order to reduce risk.

The firm has 12 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are six professional consultants. Fees are payable in both hard and soft dollars.

Other financial services provided are consulting to clients in contested economic matters, cost of capital consulting and management consulting.

Keith Getsinger is the client contact.

Institutional Fund Consultants Inc.
2423 American Lane, Madison, Wis. 53704; (608) 244-3541

Institutional Fund Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager selection, performance measurement and additional analysis.

The firm's areas of expertise include investment manager evaluation and structure, historical and ongoing performance evaluation, asset allocation studies, master trust and custodian evaluation and selection and mutual fund consulting.

The firm has 16 tax-exempt clients on retainer. It has provided services to seven non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Bixby Medical Center, Painters District Council 6, Reid Memorial Hospital and Sedgwick James.

Gordon L. King is the client contact.

Institutional Property Consultants Inc.
4330 LaJolla Village Drive, San Diego, Calif. 92122; (619) 458-1120

Institutional Property Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. real estate manager selection, performance measurement and additional analysis.

The firm provides definition of investment policy statement and criteria; manager and adviser searches; performance monitoring and reporting; and due diligence on investment opportunities to the investment management industry.

The firm has special expertise in real estate.

The firm has 34 tax-exempt clients on retainer and provided services to six non-retainer tax-exempt clients during the past year.

There are nine professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include New York State Common Fund, California State Teachers, CSX and Stanford Management.

Barbara R. Cambon is the San Diego client contact. Paul H. Saylor and Mary I. Harris are the client contacts in Atlanta at (404) 261-8049.

InterSec Research Corp.
66 Gate House Road, Stamford, Conn. 06902; (203) 348-7101

InterSec Research Corp. provides development of investment policies and objectives; development of appropriate asset allocation; and international/global manager selection, performance measurement and additional analysis.

The firm provides international and global investment perspective and market statistics, including simulations, asset allocations, objective setting, style analyses, performance analyses, market research and multicurrency portfolio administration and accounting software to the investment management industry.

The firm has special expertise in the cross-border investment of tax-exempt funds worldwide.

The firm has 34 tax-exempt clients on retainer and provided services to 40 non-retainer tax-exempt clients during the past year.

There are 25 professional consultants. Fees are payable in both hard and soft dollars.

It also provides strategic business planning for international investment managers, including mergers and acquisitions.

Tax-exempt retainer clients include Connecticut, GE Investment, State Authorities Superannuation Board (Australia) and Caisse de Depot (Canada).

Arthur W. McCain Jr. is the client contact.

Investment Management Evaluation Service (IMES)
511 Union St., Suite 800, P.O. Box 2727, Nashville, Tenn. 37219; (615) 780-9360

Investment Management Evaluation Service (IMES), a subsidiary of Equitable Securities Corp., provides development of investment policies and objectives, development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm provides independent performance confirmation by AIMR guidelines to the investment management industry.

The firm has special expertise in client education, interpretation of performance measurement and manager evaluation.

The firm has 48 tax-exempt clients on retainer and provided services to 10 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

The firm also provides a manager-of-managers investment vehicle.

Ward Cammack is the client contact.

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Investment Performance Services Inc.

329 Commercial Drive, Suite 104, P.O. Box 15009; Savannah, Ga. 31416; (912) 352-2862

Investment Performance Services Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., real estate, futures/options and GIC manager selection, performance measurement and additional analysis.

It has special expertise in Taft-Hartley plans.

The firm has 42 tax-exempt clients on retainer and provided services to one non-retainer tax-exempt client during the past year.

There are four professional consultants. Fees are payable in both hard and soft dollars.

Other financial services provided are discount brokerage services.

Tax-exempt retainer clients include New York City District Council Carpenters, FELRA & UFCW Pension Fund and Operating Engineers of Connecticut.

John F. Statts is the client contact.

J&L Investment Services

501 N. El Camino Real, Suite A, San Clemente, Calif. 92672; (714) 498-5000

J&L Investment Services Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager selection, performance measurement and performance analysis.

The firm provides institutional-trading desk, referral and rebate and soft dollar services to the investment management industry.

The firm has special expertise in foundations and 401(k) plan selection and installation.

The firm has 15 tax-exempt clients on retainer and provided services to 32 non-retainer tax-exempt clients during the past year.

There are five professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include GTI, Knight Equipment, Pomona First Federal and Dart Transportation.

Thomas C. Jones is the client contact.

Johnston, Dragon & Associates

301 N. Harrison St., Suite 68, Princeton, N.J. 08540; (609) 497-1616

Johnston, Dragon & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, private placements, futures/options and GIC manager selection, performance measurement and additional analysis. Performance measurement and additional analysis also are available for venture capital and LBO investments.

The firm has eight tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in both hard and soft dollars.

Charles L. Johnston is the client contact.

Ronald A. Karp Associates

47 Maple St., Summit, N.J. 07901; (908) 522-1414

Ronald A. Karp Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and GIC manager selection. Performance measurement is offered for U.S. and real estate managers and additional analysis is available for real estate and GIC investments.

The firm has special expertise in real estate, asset allocation, international investments and GIC negotiations.

The firm has 15 tax-exempt clients on retainer and provided services to six non-retainer tax-exempt clients during the past year.

There are three professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Pennsylvania State Employes, L.A. Fire & Police, Ohio School Employees and Saatchi & Saatchi Holdings (USA).

Sheri L. Kole is the client contact.

Kauffman & Drebing

230 S. Broad St., Philadelphia, Pa. 19102; (215) 546-8016

Kauffman & Drebing provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager selection and performance measurement.

The firm has special expertise in consulting to mid-Atlantic clients.

There are two professional consultants. Fees are payable in hard dollars.

Other financial services provided include financial planning advice.

Neil B. Kauffman is the client contact.

W.T. Kennedy Inc.

33 Northwood Ave., Suite 10G, Atlanta, Ga. 30309; (404) 607-8080

W.T. Kennedy Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional performance analysis. Performance measurement and additional performance analysis also are offered for real estate managers.

The firm also offers staff educational training.

The firm has special expertise in manager selection, risk/reward analysis and rankings and customized universes of performance comparison for peer group risk/reward quartiles. Some 25 fundamental dollar-weighted descriptors are screened. Attribution analysis with time-weighted rates of return by 10 sectors within each portfolio also is offered.

The firm has 21 tax-exempt clients on retainer and provided services to 25 non-retainer tax-exempt clients during the past year.

There is one professional consultant. Fees are payable in both hard and soft dollars.

William T. Kennedy is the client contact.

KPMG Peat Marwick

345 Park Ave., New York, N.Y. 10154; (212) 872-5973

KPMG Peat Marwick provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection. Performance measurement is offered for U.S., international/global, real estate, venture capital, futures/options and GICs. Additional performance analysis is available for U.S., international/global, real estate, futures/options and GICs.

The firm also offers custodian bank searches.

Fees are payable in hard dollars.

The firm's consulting practice is supplemented by the firm's actuarial, insurance, cash management, real estate, tax and auditing practices.

Evelyn Morgner is the client contact.

Kruse, O'Connor and Ling

7320 Griffin Road, Suite 200, Ft. Lauderdale, Fla. 33314; (305) 791-5888

Kruse, O'Connor and Ling Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and GIC manager selection and performance measurement.

The firm also offers manager selection for mortgage-backed securities. It has special expertise on funding issues for Florida hospital, police, fire and general employees and on investment management firms active in Florida.

The firm has 30 long-term non-retainer tax-exempt clients and provided services to 20 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in hard dollars.

Other financial services provided are administrative and actuarial services for plan sponsors.

Tax-exempt clients include Diocese of Palm Beach (Fla.), Pompano Beach (Fla.), Naples (Fla.) and Parrish Medical Center.

Robert J. Nagle is the client contact.

Laughlin Group of Cos.

12655 SW Center, Suite 280, Beaverton, Ore. 97005; (800) 547-3257

Laughlin Group of Cos. provides services exclusively to financial institutions, including development of investment policies and objectives; development of appropriate asset allocation; and GIC performance measurement.

The firm advises on the purchases of guaranteed investments for collective funds. It offers issuer credit analysis through its in-house credit review department. Staff members also are available to assist in marketing.

The firm has special expertise in GIC consulting.

There are six professional consultants. Fees are payable in hard and soft dollars.

William F. Gardner is the client contact.

Legg Mason Investment Consulting Group

111 S. Calvert St., Baltimore, Md. 21202; (301) 539-4692

Legg Mason Investment Consulting Group, a subsidiary of Legg Mason Wood Walker Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and GIC manager selection and performance measurement.

Fees are payable in hard or soft dollars.

William G. McVay is the client contact.

Lehrer Development and Investments

5555 Del Monte Drive, Suite 802, Houston, Texas 77056; (713) 552-1600

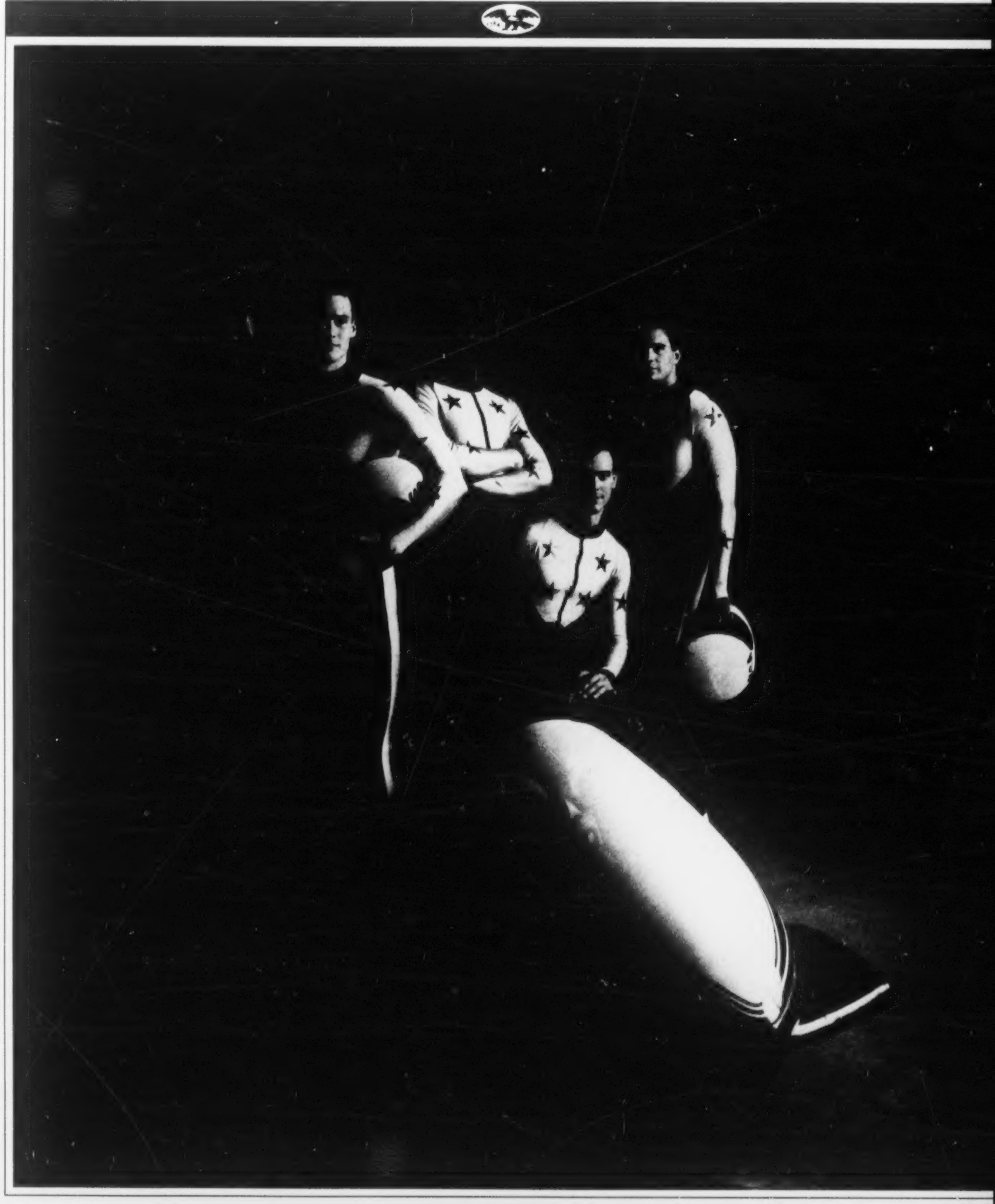
Lehrer Development and Investments provides development of real estate investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global real estate manager selection, performance measurement and additional analysis. Additional analysis also is offered for venture capital and private placements.

The firm also provides real estate litigation support services.

It provides real estate and financial consulting to the investment management industry.

The firm has 12 tax-exempt clients on retainer and provided services to 12 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are



payable in hard dollars.

Kenneth Eugene Lehrer is the client contact.

Lowry Consulting Group

2859 Paces Ferry Road, Suite 1900,
Atlanta, Ga. 30339; (404) 431-1100

Lowry Consulting Group Inc., a subsidiary of Lowry Associates Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and options manager selection, performance measurement and additional analysis.

The firm has special expertise in asset allocation, liability analysis, performance attribution, utility pension plans and FAS 87 analysis.

The firm has 65 tax-exempt clients on retainer.

There are 11 professional consultants. Fees are payable in hard dollars.

It also provides an investment vehicle that uses a disciplined approach.

Tax-exempt retainer clients include Farley Industries, CSX, Baltimore Gas and Electric and CENTEX.

Victor A. Bell Jr. is the client contact.

Investing in the Americas will be spotlighted March 16.

Madison Portfolio Consultants Inc.

400 Madison Ave., Suite 810, New
York, N.Y. 10017; (212) 753-2210

Madison Portfolio Consultants Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement. Additional analysis is available for U.S., international/global, real estate, futures/options and GIC managers.

The firm also offers master trust/custodial services, as well as education and advice on new investment strategies and Taft-Hartley issues.

The firm provides performance measurement services to the investment management industry.

It has special expertise in customizing and interpreting reports and helping clients meet objectives.

The firm has 15 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Carnegie Corp., IATSE National Pension Fund, Masonic Charity Foundation and National Fuel Gas Co.

Alan C. Weisenberg is the client contact.

Marco Consulting Group

54 W. Hubbard St., Chicago, Ill.
60610; (312) 527-4200

Marco Consulting Group provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., real estate, futures/options and GIC manager selection and performance measurement. Additional analysis is offered for U.S., real estate and GIC managers.

The firm has special expertise in Taft Hartley, jointly-trusteed and multiemployer pension plans.

The firm has 55 tax-exempt clients on retainer.

There are six professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include IBEW-NECA, AFL-CIO and Service Employees International Union.

Jack Marco is the client contact.

James P. Marshall Inc.

10 Bay St., Suite 614, Toronto, Ontario
M5J 2R8; (416) 361-0225

James P. Marshall Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and futures/options manager selection. Performance measurement is offered for U.S., international/global and real estate managers. Additional performance analysis is available for U.S. and international/global managers.

The firm specializes in Canadian investment consulting.

The firm has 32 tax-exempt clients on retainer and provided services to 10 non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in hard dollars.

Andrew Smith is the client contact.

William M. Mercer Asset Planning Inc.

1417 Lake Cook Road, Deerfield, Ill.
60015; (708) 317-7400

William M. Mercer Asset Planning Inc., a subsidiary of Marsh & McLennan Cos. Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, futures/options and GIC manager selection and performance measurement. Performance measurement also is offered for private placements. Additional performance analysis is available for U.S., international/global, real estate, futures/options and GICs.

The firm also offers performance attribution and transaction cost analysis. It has special expertise in asset/liability modeling, performance interpretation and insured investment placement.

The firm has 357 tax-exempt clients on retainer and provided services to 141 non-retainer tax-exempt clients during the past year.

There are 78 professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Cincinnati Bell, Arizona State, Wisconsin Electric Power and Major League Baseball Players.

Terry A. Dennison is the client contact.

MLC Associates

2 Barger St., Putnam Valley, N.Y.
10579; (914) 528-2244

MLC Associates consults in the fields of trust, custody, marketing and management.

For the investment management industry, the firm provides help in the establishment of a trust company and in selection and audit of custodians.

The firm has special expertise in trustee/custodian selection, audit and fiduciary review.

There is one professional consultant. Fees are payable in hard dollars.

Michael L. Costa is the client contact.

The Monitor Group Inc.

7649 Leesburg Pike, Falls Church, Va.
22043-2520; (703) 821-6661

The Monitor Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global manager selection, performance measurement and additional performance analysis.

The firm has 10 tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Hoven Corp., ODMC Corp. and D. Fraser Ltd.

H.L. Hopewell is the client contact.

Morgan Keegan & Co. Inc.

50 N. Front St., Memphis, Tenn.
38103; (901) 524-4100

Morgan Keegan & Co. Inc., a subsidiary of Morgan Keegan Inc., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, futures/options and GIC manager selection and performance measurement. Additional performance analysis is available for U.S. and futures/options managers.

The firm provides equity and fixed-income research to the investment management community. It has special expertise in manager selection and performance measurement.

The firm has 19 tax-exempt clients on retainer and provided services to 261 non-retainer tax-exempt clients during the past year.

There are six professional consultants. Fees are payable in both hard and soft dollars.

The firm provides a wrap fee program and the Southern Capital Fund, a mutual fund. Full broker/dealer services also are available.

J. Blake Taylor is the client contact.

New England Pension Consultants

253 Summer St., Suite 210, Boston,
Mass. 02210; (617) 737-1960

New England Pension Consultants provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, private placements, futures/options and GIC manager selection, performance measurement and additional analysis. Performance measurement and additional analysis also are available for venture capital and LBOs.

The firm also offers analysis on the impact of currency and country selection, stock and sector selection; policy impact vs. manager impact; current, projective and historic risk; and strategic vs. tactical asset allocation impact. It offers employee education for defined contribution plans.

The firm has special expertise in structured portfolios, FASB 87, hedging strategies, Taft Hartley and public fund consulting, custodial searches and socially restricted investments.

– The firm has 65 tax-exempt clients on retainer.

There are six professional consultants. Fees are payable in both hard and soft dollars.

Richard M. Charlton is the client contact.

Noble Lowndes Asset Consulting Group

33 Evergreen Place, East Orange,
N.J. 07018; (201) 677-4385

Noble Lowndes Asset Consulting Group, a subsidiary of Noble Lowndes, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. and international/global manager selection and performance measurement.

The firm has special expertise in serving pension funds with $2 million to $50 million in assets.

There are 15 professional consultants. Fees are payable in hard dollars.

The parent company provides employee benefit and actuarial consulting services.

Natalka Bukalo is the client contact.

Orben Associates Inc.

40 Wall St., New York, N.Y. 10005;
(212) 269-9191

Orben Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., venture capital and private placements performance measurement.

The firm has special expertise in asset allocation

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and establishing investment objectives.

There are three professional consultants. Fees are payable in hard dollars.

Jack R. Orben is the client contact.

PaineWebber Inc.-Managed Accounts Services

1200 Harbor Blvd., Third Floor,
Weehawken, N.J. 07087; (201)
902-3128

PaineWebber Inc. — Managed Accounts Services Department provides development of investment policies and objectives, and selection, performance measurement and additional analysis of U.S. managers. Performance measurement is available for international/global managers.

The firm provides quarterly performance monitoring, a technical center for manager searches, a dedicated trading desk and wrap-fee billing to the investment management industry.

It has special expertise in manager searches and due diligence.

The firm provided services to 3,300 non-retainer tax-exempt clients during the past year.

There are 100 professional consultants. Fees are payable in both hard and soft dollars.

The firm provides the following investment vehicles: PaineWebber ACCESS, PaineWebber Asset Management and Mitchell Hutchins Investment Advisory Portfolio Management Program.

Other financial services provided are investment banking advice, brokerage and insurance.

Jack Hanna is the client contact.

Peirce Park Group

2600 W. Seventh St., Suite A,
Wilmington, Del. 19805; (302)
429-0982

Peirce Park Group provides U.S., international/global and real estate manager selection and performance measurement. Additional analysis is offered for U.S. and real estate managers.

The firm also offers post-retirement medical funding, fund structure and asset allocation services.

The firm has special expertise in post-retirement medical asset allocation studies.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Michael W. Shone is the client contact.

Pension Consulting Alliance

12750 Ventura Blvd., Suite 102, Studio
City, Calif. 91604; (818) 752-8444

Pension Consulting Alliance provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, private placements and futures/options manager selection and performance measurement. Manager selection also is offered for venture capital. Additional analysis is available for U.S., international/global and real estate managers.

The firm has special expertise in strategic planning, international, real estate and private placement consulting.

The firm has 10 tax-exempt clients on retainer and provided services to three non-retainer tax-exempt clients during the past year.

There are three professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include California Teachers, Connecticut, Illinois Investment Board and Colorado Fire & Police.

Dellene Arthur is the client contact.

Pension Investors Securities

1101 N. Lake Destiny Road, Suite
200, Maitland, Fla. 32751; (407)
875-3202

Pension Investors Securities Corp. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global and real estate manager selection and performance measurement.

It has special expertise in mutual fund selection, small- to medium-size pension plans and 401(k) programs.

The firm has 20 tax-exempt clients on retainer and provided services to 350 non-retainer tax-exempt clients during the past year.

There are 12 professional consultants. Fees are payable in both hard and soft dollars.

It also provides brokerage services.

Fred Forbes is the client contact.

Pension Portfolio Advisors

3 First National Plaza, Suite 1400,
Chicago, Ill. 60602; (312) 372-2727

Pension Portfolio Advisors, a subsidiary of Royal Insurance Holdings PLC, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, futures/options and GIC manager selection and additional analysis. Performance measurement is available for the above, as well as venture capital, LBO and private placement investments.

The firm also offers a quantified approach to risk tolerance, global asset allocation and manager structure consulting.

It has special expertise in assessing the risk tolerance profile of plan sponsors, and developing appropriate globally oriented asset allocation strategies; manager structure consulting; and domestic and international manager search and evaluation.

The firm has 511 tax-exempt clients on retainer and provided services to 23 non-retainer tax-exempt clients during the past year.

There are eight professional consultants. Fees are payable in both hard and soft dollars.

It provides a variety of investment vehicles.

Other financial services provided are consulting on employee-directed plan investment choices, investment vehicles and employee communication.

Tax-exempt retainer clients include CMI, Oakland County Employees, Royal Macabbees Life and Sheet Metal Workers Local 224.

Brian J. Murphy is the client contact.

Pension Realty Advisors

155 Sansome St., San Francisco,
Calif. 94104; (415) 291-9000

Pension Realty Advisors Inc. provides development of real estate investment policies, objectives and appropriate asset allocation, as well as real estate and private placement manager selection and performance measurement. Additional analysis is offered for real estate.

The firm also offers real estate fund acquisition/disposition strategies, due diligence, investment strategy, portfolio management and securitization.

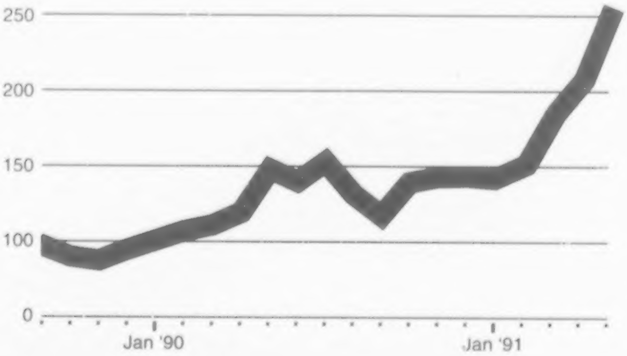
The firm has special expertise in private real estate funds and real estate capital markets research.

The firm has 10 tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in hard dollars.

Paul S. Saint-Pierre is client contact.

Largest pension funds: Jan. 20



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(713) 650-1246 or 1-800-288-6724

Performance Analytics Inc.

30 S. Wacker Drive, Suite 1502,
Chicago, Ill. 60606; (312) 930-9560

Performance Analytics Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate and GIC manager selection, performance measurement and additional analysis. Performance measurement and additional analysis is offered for futures/options managers. The firm also offers equity style tilting.

It provides asset allocation and style tilting information to a select group of investment managers.

The firm has special expertise in asset allocation and style tilting.

The firm has 262 tax-exempt clients on retainer.

There are seven professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Zenith Electronics, Whitman, Pet and Bell & Howell.

William G. Lowery is the client contact.

Plexus Group

606 Wilshire Blvd., Suite 310, Santa
Monica, Calif. 90401; (213)
451-5075

Plexus Group provides U.S. manager performance measurement and additional analysis.

The firm's Alpha Capture service helps equity investor to better understand, evaluate and improve the implementation process. The firm also provides research, voting advice and full-service voting on proxy issues. Proxy record-keeping and monitoring services are offered.

The firm has special expertise in implementation shortfall analysis and proxy advisory services.

The firm has 18 tax-exempt clients on retainer and provided services to one non-retainer tax-exempt client during the past year.

There are five professional consultants. Fees are payable in both hard and soft dollars.

Edward C. Story is the client contact.

Prime Buchholz & Associates Inc.

1 Harbour Place, Portsmouth, N.H.
03801; (603) 433-1143

Prime Buchholz & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital and GIC manager selection, performance measurement and additional analysis.

The firm has special expertise in endowment and foundation management.

The firm has 26 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Boston College, Operating Engineers Local 98, University of Massachusetts and Rochester General Hospital.

William F. McCarron and Jon L. Prime are client contacts.

The Principal/Eppler Guerin & Turner

1445 Ross Ave., Suite 2300, Dallas,
Texas 75202; (214) 880-8077

The Principal/Eppler Guerin & Turner provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital and GIC manager selection, performance measurement and additional analysis.

The firm has special expertise in helping clients meet objectives in a cost-effective manner.

The firm has 21 tax-exempt clients on retainer.

There are three professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Dallas Employees, Dallas Area Rapid Transit, VIA Metropolitan Transit and Ericsson.

Marjorie Otte is the client contact.

Provident Monitor Group

3 E. Fourth St., Cincinnati, Ohio
45202; (513) 579-2826

Provident Monitor Group, a subsidiary of The Provident Bank, provides development of investment policies and objectives, development of appropriate asset allocation; and U.S. manager selection and performance measurement.

The firm also offers asset/liability analysis and has special expertise in asset/liability alignment.

The firm has 28 tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in both hard and soft dollars.

It provides a combined manager-of-managers, custody and consulting service, as well as brokerage and custody.

Tax-exempt retainer clients include Ohio Police and Firemen, Great American Communications, IBEW Local 38 and Greater Richmond Transit.

Dennis M. Charlton is client contact.

Prudential Securities Inc./Investment Management Consulting Services

127 John St., 14th Floor, New York,
N.Y. 10292; (212) 214-6554

Prudential Securities Inc./Investment Management Consulting Services, a subsidiary of Prudential Insurance, provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, venture capital, futures/options and GIC manager selection and performance measurement. Performance measurement is also available for real estate managers, while additional analysis is offered for U.S. managers.

The firm has special expertise in manager search and structuring, performance measurement and with small- to medium-size pension plans.

The firm has 242 tax-exempt clients on retainer.

There are 46 professional consultants. Fees are payable in both hard and soft dollars.

An array of financial services also are offerod.

Tax-exempt retainer clients include Universal Hospital Services, College of Idaho, Orange County Center of the Performing Arts and San Antonio Firemen and Policemen.

Frederick W. Weiss III is the client contact.

Quan-Vest Consultants

390 Plandome Road, Manhasset, N.Y.
11030; (516) 365-4619

Quan-Vest Consultants provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm provides computerized analysis of a 2,000 stock universe to the investment management industry.

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The firm has special expertise in providing multiemployer pension plans with the equivalent of an in-house investment supervision department.

The firm has 25 tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include Uniformed Fire Officers Association, Hotel Trades Pension Fund, Hospital Workers, Laborers and Teamsters.

Anthony E. Lotruglio is the client contact.

Resource Advisory Inc.

1117 Perimeter Center W., Suite E302, Atlanta, Ga. 30338; (404) 394-9525

Resource Advisory Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection and performance measurement. Additional analysis is available for U.S., international/global, real estate and futures/options managers.

The firm also offers asset/liability modeling, development of fund structure with multiple managers, master trustee/custodian searches, defined contribution plan consulting and executive summary reports.

The firm has special expertise in investment planning and fund structure, performance evaluation and reporting, manager searches; and health care, endowment and foundation clients.

The firm has 25 tax-exempt clients on retainer and provided services to six non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Wake Forest University, Liberty Corp., Hanes and the Baptist Medical Centers.

Bernard Santa Maria is the client contact.

Richards & Tierney Inc.

111 W. Jackson Blvd., 14th Floor, Chicago, Ill. 60604; (312) 461-1100

Richards & Tierney Inc. provides development of investment policies and objectives, development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC performance measurement. U.S. manager selection and additional analysis for U.S. and international/global managers also are available.

The firm also offers manager allocation service and structure; dynamic completeness funds; benchmark portfolio design, development and maintenance; portfolio performance attribution; and portfolio risk analysis.

It provides benchmark portfolio design, development and maintenance and performance attribution for domestic and international equity managers.

The firm has special expertise in benchmark portfolios; performance attribution; manager allocation and structure; dynamic completeness funds; and investment policy development and implementation.

The firm has 17 tax-exempt clients on retainer.

There are seven professional consultants. Fees are payable in both hard and soft dollars.

The firm also serves internal equity managers.

Tax-exempt retainer clients include Ameritech, Owens-Illinois, State of Minnesota, Hughes Aircraft, Digital Equipment and Delta Airlines.

Thomas M. Richards and Maureen M. Culhane are the client contacts.

Rogers, Casey & Associates

85 Old Kings Highway N., Darien, Conn. 06820-1460; (203) 656-5900

Rogers, Casey & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm helps investment managers with strategic business planning and evaluating potential merger/acquisition candidates.

It has special expertise in alternative investments and tailoring investment programs to meet client needs.

The firm has 45 tax-exempt clients on its retainer list.

The firm also provided services to six non-retainer tax-exempt clients during the past year.

There are 30 professional consultants. Fees are payable in both hard and soft dollars.

Kenneth G. Rogers is the client contact.

The Brian Rom Corp.

860 Fifth Ave., New York, N.Y. 10021; (212) 724-7535

The Brian Rom Corp. provides development of investment policies and objectives and development of appropriate asset allocation.

The firm provides measurement and analysis of portfolio downside risk vs. standard deviation risk to the investment management industry.

The firm has special expertise in investment policy formulation, integrated asset/liability modeling, asset allocation and portfolio risk analysis.

The firm has provided services to 16 non-retainer tax-exempt clients during the past year.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Brian M. Rom is the client contact.

Rowland, Carmichael Advisors

2809 E. Camelback Road, Suite 300, Phoenix, Ariz. 85016; (602) 955-1540

Rowland, Carmichael Advisors provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager selection, performance measurement and additional analysis.

The firm has 10 tax-exempt clients on retainer.

There are six professional consultants. Fees are payable in hard and soft dollars.

T. Rowland is the client contact.

Frank Russell Co.

909 A St., Tacoma, Wash. 98402; (206) 572-9500

Frank Russell Co. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, private placements and GIC manager selection and performance measurement.

The firm provides real estate and equity indexes, analytical software and asset/liability modeling to the investment management industry.

The firm has special expertise in performance measurement, research, asset allocation and manager research.

The firm has 40 tax-exempt clients on retainer.

There are 28 client executives. Fees are payable in both hard and soft dollars.

It also provides manager-of-managers funds through Frank Russell Trust Co. and Frank Russell Investment Management Co. It also provides discount brokerage through an affiliate.

Tax-exempt retainer clients include IBM, General Motors, AT&T and Xerox.

D. Don Ezra is the client contact.

Sage Development Resources Inc.

1621 18th St., Suite 110, Denver, Colo. 80202; (303) 294-0973

Sage Development Resources Inc. advises pension funds and investment managers with advisory services related to hotel/resort assets.

There are six professional consultants. Fees are payable in both and soft dollars.

Tax-exempt retainer clients include Prudential, Travelers, Equitable and John Hancock.

David T. Johnstone is the client contact.

John Scott & Associates

2942 State Highway 74, Suite 202, Evergreen, Colo. 80439; (303) 674-1655

John Scott & Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S. manager selection, performance measurement and additional analysis.

The firm also offers performance evaluation and attribution of quantitative disciplines, such as strategic/tactical asset allocation and market neutral styles for other consultants.

The firm provides market risk analysis consulting, factor analysis newsletter and tactical asset allocation portfolio management disciplines to the investment management industry.

The firm has special expertise in strategic and tactical asset allocation and managers that perform these services.

The firm provided services to eight non-retainer tax-exempt clients during the past year.

There is one professional consultant. Fees are payable in both hard and soft dollars.

It also offers investment vehicles using active or passive overlay strategies.

John Scott is the client contact.

Segal Advisors Inc.

1 Park Ave., New York, N.Y. 10016; (212) 251-5490

Segal Advisors Inc., a subsidiary of Martin E. Segal Co., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm also offers brokerage and master trust consulting.

The firm has special expertise in U.S. investment programs, including insurer-related company consulting, and real estate programs.

The firm has 80 tax-exempt clients on retainer.

There are 10 professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include American Cancer Society, American Bakers Association, Plumbers & Pipefitters National Pension Fund and Wyoming Retirement System.

Martin Levenson and Alan Miller are client contacts.

SEI Capital Resources

680 E. Swedeford Road, Wayne, Pa. 19087; (215) 254-1000

SEI Capital Resources, a subsidiary of SEI Corp., provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, and GIC manager selection, performance measurement and additional analysis. Manager selection is also available for venture capital and futures/options.

The firm also offers directed brokerage commission recapture, trading cost evaluation and portfolio

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It provides general consulting, performance measurement, research, brokerage management, mutual fund management, private label mutual fund and cash and custody management through an affiliate to the investment management industry.

The firm has 84 tax-exempt clients on retainer.

There are 35 professional consultants. Fees are payable in both hard and soft dollars.

The firm provides international equity and active foreign currency investment vehicles.

Other financial services provided are comprehensive brokerage for listed equities, OTC equities, fixed-income and non-U.S. equities.

Tax-exempt retainer clients include State of Mississippi, Federal Express, Halliburton and the State of Oklahoma.

L. Charles "Duke" Meythaler is the client contact.

William F. Sharpe Associates

95 First St., Suite 215, Los Altos, Calif.
94022; (415) 941-3990

William F. Sharpe Associates provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global and futures/options performance measurement and additional analysis.

It also offers manager style analysis.

The firm provides licensed software products to the investment management industry.

The firm has special expertise in asset allocation and manager style analysis.

It has 10 tax-exempt clients on retainer.

There are four professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include AT&T, California Public Employees, United Technologies and the Virginia Retirement System.

William F. Sharpe is the client contact.

Jeffrey Slocum & Associates

430 First Ave. N., Suite 720,
Minneapolis, Minn. 55401-1746;
(612) 338-7020

Jeffrey Slocum & Associates Inc. provides development of investment policies and objectives; development of appropriate asset allocation; pension asset/liability modeling; endowment asset/spending modeling; investment manager searches; and U.S., international, venture capital, LBO, private placement, futures/options and GIC consulting.

The firm also offers communication programs for defined contribution plan participants.

The firm has special expertise in asset allocation studies, asset/liability and endowment spending modeling, analysis and evaluation of non-traditional investments, and design of employee communications.

The firm has 64 tax-exempt clients on retainer and provided services to 19 non-retainer tax-exempt clients during the past year.

There are seven professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Great Lakes Protection Fund, Iowa Municipal Fire and Police, Marshfield Clinic and Minnesota Teamsters.

Jeffrey C. Slocum, Luke M. Collins and Erik L. Knutzen are client contacts.

Smith Barney, Harris Upham & Co. Inc.-Asset Consulting Evaluator

1345 Avenue of the Americas, New
York, N.Y. 10105; (212) 698-6920

Smith Barney, Harris Upham & Co. Inc. — Asset Consulting Evaluator, a subsidiary of Primerica, provides development of investment policies and objectives and U.S. manager selection, performance measurement and additional analysis.

The firm has special expertise in plans with $500,000 to $10 million in assets.

The firm provided services to 1,000 non-retainer tax-exempt clients during the past year.

Fees are payable in hard and soft dollars.

A full array of financial services is offered through the firm's other divisions.

Ruth J. Harris is the client contact.

Southeastern Advisory Services Inc.

10 Piedmont Center, Suite 302,
Atlanta, Ga. 30305; (404) 237-3156

Southeastern Advisory Services Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global, real estate, venture capital and GIC manager selection, performance measurement and additional performance analysis.

The firm has a proprietary data base on investment managers located in the Southeast.

The firm has 31 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt client during the past year.

There are three professional consultants. Fees are payable in both hard and soft dollars.

John L. Small is the client contact.

Stratford Advisory Group

500 W. Madison St., Suite 2960,
Chicago, Ill. 60661; (312) 902-1985

Stratford Advisory Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate, venture capital, LBO, private placements, futures/options and GIC manager selection, performance measurement and additional analysis.

The firm also offers quantitative performance measurement and qualitative manager evaluations.

The firm provides strategic asset allocation research, through an affiliate, to selected investment managers.

The firm has special expertise in strategic asset allocation, style-tilting within asset classes and qualitative manager evaluations.

The firm has 33 tax-exempt clients on retainer and provided services to eight non-retainer tax-exempt clients during the past year.

There are nine professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Knight-Ridder, Thiokol, the Art Institute of Chicago and Sheet Metal Workers' national fund.

Daniel A. Weiss is the client contact.

Irwin Tepper Associates Inc.

1 Gateway Center, Suite 815, Newton,
Mass. 02158; (617) 244-6747

Irwin Tepper Associates Inc. provides development of investment policies and objectives and development of appropriate asset allocation.

The firm provides asset allocation and asset/liability consulting and software to the investment management industry.

The firm has special expertise in integrating asset/liability analysis.

There are two professional consultants. Fees are payable in both hard and soft dollars.

Irwin Tepper is the client contact.

Towers Perrin

950 E. Paces Ferry Road, Atlanta, Ga.
30326; (404) 365-1745

Towers Perrin provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, futures/options and GIC manager selection. Performance measurement is available for U.S., international/global and futures/options managers. Additional performance analysis is offered for U.S., futures/options and GIC managers.

The firm has special expertise in defined benefit plan asset policy development; defined contribution plan investment option selection; GICs and GIC substitutes; international investments; and manager structure.

There are 60 professional consultants. Fees are payable in both hard and soft dollars.

Roger C. Bransford is the client contact.

The Townsend Group

1419 W. Ninth St., Cleveland, Ohio
44113; (216) 781-9090

The Townsend Group provides development of investment policies and objectives; development of appropriate real estate asset allocation; and real estate manager selection, performance measurement and additional performance analysis.

The firm also offers property-specific due diligence, commingled fund exit strategies, workout and disposition analysis, budget and pro forma review, appraisal policies and procedures, development of separate account investment criteria, real estate research and the development of institutional real estate educational seminars and client "white papers."

The firm has special expertise in property-specific transactions.

The firm has 17 tax-exempt clients on retainer.

There are eight professional consultants. Fees are payable in hard dollars.

Tax-exempt retainer clients include BP America, Kansas Public Employees, San Francisco Employees and the UMWA.

Kevin W. Lynch is the client contact.

Tremont Partners Inc.

39 Pine St., New Canaan, Conn.
06804; (203) 966-4074

Tremont Partners Inc. provides development of investment policies and objectives; development of appropriate asset allocation; and U.S., international/global and private placements manager selection and performance measurement. Performance measurement is also available for real estate, venture capital, LBO, futures/options and GIC managers.

The firm also offers limited partnership, insurance products and offshore investment funds. It provides partnership and minority manager universes to the investment management industry.

The firm has special expertise in specialized and non-traditional products, minority firms and structuring products for insurance companies.

The firm has one tax-exempt client on retainer and provided services to three non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in hard and soft dollars.

The firm provides the following investment vehicles: U.S. Masters Fund Ltd., Minority Equity Trust, BT Co. Common CTF Fund, Shearson Advisors Fund, Advent Funds, Ultima L.P., Ultima Ltd., Shogun L.P., and Preferred Investment L.P.

Other financial services provided are marketing and investment banking advice.

Sandra L. Manzke is the client contact.

Wellesley Group Inc.

800 South St., Watermill Center,
Waltham, Mass. 02154; (617)
891-3636

Wellesley Group Inc. provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/

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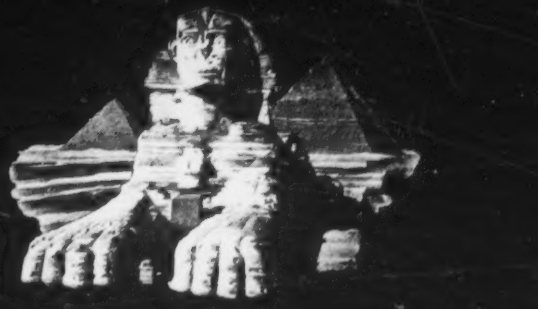

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*An acronym for Quantitative Evaluation and Selection Techniques.

Meridian Investment Company

Demands

Continued from page 17

we're doing at what price."

One factor leading to this change is the widespread availability of technology and data bases, for many years the way consulting services distinguished themselves.

But now, "data bases have become utility," said Stratford's Mr. Kudish. For the price of software, sponsors can tap into bytes of knowledge previously the sole domain of consultants.

This has lowered fees for hardware and software and opened the door for smaller consulting shops, which are challenging the large, established consulting firms.

"You can't give boilerplate anymore," said Richard Holbein, whose small firm — Holbein, Richardson & Associates, Dallas — has drawn clients with a total of $40 billion in assets.

Among the consultants leaving established firms to strike out on their own are Mr. Davanzo, who left Wilshire this year to start his own firm; and Jim Beasley, who had been chief operating officer of Rogers, Casey & Associates Inc., Darien, Conn.

The low cost of computer technology has lowered the barriers to entering the business.

"There are more musical chairs going on," said Mr. Davanzo. "We didn't have a lot of places to go five years ago."

While niche players come and go with the changing popularity and utility of the niche, they still pry cracks in the wall of comprehensive consulting services.

"It places the emphasis on the ability of the people doing the consulting rather than the machine," Mr. Davanzo said.

But some pension officials question the effect those striking out on their own have on the firms they left.

"There's been so much change in the main consulting firms in the past five or six years. The replacements do not have the depth of expertise," said Duamel Vellon, administrator of the City of Phoenix Employees Retirement System.

The power of the computer has landed on the desktops of smaller firms, which do not carry the large overhead of the more established firms but are able to use resources of organizations like the Investment Management Consultants Association or the back-office help of a Wilshire Co-op, which has provided large data bases to fledgling firms. And with the growth of new firms, there is now even competition in this area. Bankers Trust has lured several members of the Co-op away with promises of better data bases.

"It's a lot easier for a small shop to be effective than it was 10 years go," said Russell's Mr. Phillips.

"It opens up opportunities for smaller firms to access certain clients that they may not have been able to access," said John Byrd, vice president of Rauscher Pierce Refsnes Inc., Dallas.

Client needs also are changing because of the prominent focus on defined contribution plans.

Investment policy work, due diligence and insurance carrier quality investigations all have increased.

"The parameters that determine success have changed quite a bit," said Brian Ternoey, a principal with A. Foster Higgins & Co. Inc., Princeton, N.J. "You're not dealing with an investment committee, you're dealing with plan participants. It changes what we put up before the clients."

"1991 was a watershed for that type of business," said TPF&C's Mr. Bransford.

Mr. Ternoey said it took until last year for many sponsors to realize the nature of defined contribution plans instills different factors into the process of manager selection.

"Taking the processes used in defined benefit consulting and selling it to defined contribution plans is like fitting a square peg in a round hole," he said. "It just didn't work."

Clients also are changing their attitudes toward soft dollars. They had proved popular, but past disclosures of soft-dollar controversies in Kansas, Wisconsin, Massachusetts and Pennsylvania have tarnished the image. Pension executives now are questioning the cost and the ethics of using soft dollars.

"Like any financial industry, the consulting industry has the potential for conflicts of interest," said Mr. Nesbitt.

"The role (soft dollars) played was to provide an off-balance sheet method of financing," he said. Soft dollars allowed plan sponsors to do things they might not otherwise be able to do, he said, like purchase supplementary reports and finance computer-related purchases.

"I think soft dollars are on their way out," Mr. Nesbitt said.

"The potential for litigation is substantial," said Rauscher's Mr. Byrd.

"In times of stress, people flee to quality and get away from controversial measures like soft dollars," said Mr. Bransford.

With all of the changes in client needs and their relations to the consultants, there is still, however, a common theme. And consultants agree, that theme will always be a key to continued success.

"Consulting is very much a relationship management, people business," said Jim Beasley. ■

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global, real estate, venture capital and futures/options manager selection, performance measurement and additional performance analysis. Manager selection is also offered for LBO and private placements managers.

The firm also offers asset/liability studies, asset allocation implementation, performance attribution and peer group normalized portfolio studies.

The firm provides research projects to the investment management industry.

The firm has special expertise in asset allocation development and implementation, performance attribution, asset/liability studies and peer group normalized portfolio studies.

The firm has 40 tax-exempt clients on retainer and provided services to two non-retainer tax-exempt clients during the past year.

There are six professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Chicago Transit Authority, Washington University (St. Louis), Washington Suburban Sanitary Commission and Southwestern Medical Foundation.

Andrew D. Parrillo, Ned A. Joachimi and Pamela A. Joachimi are the client contacts.

Wilshire Associates Inc.

1299 Ocean Ave., Santa Monica, Calif.
90401; (213) 451-3051

Wilshire Associates Inc. provides development of investment policies and objectives; development of *appropriate asset allocation; U.S., international/* global, real estate, venture capital, LBO, private placements and futures/options manager selection, performance measurement and additional performance analysis. Manager selection and performance measurement are available for GIC managers.

The firm has 67 tax-exempt clients on retainer.

There are 11 professional consultants. Fees are payable in both hard and soft dollars.

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The firm also provides corporate finance advisory services.

Tax-exempt retainer clients include California Employees, Pennsylvania Employes, Texaco and Goodyear.

Stephen L. Nesbitt is the client contact.

The World Markets Co.
150 E. 52nd St., New York, N.Y.
10022; (212) 593-4747

The World Markets Co., a subsidiary of Bankers Trust Co., provides international/global manager performance analysis and risk analysis.

The firm provides performance evaluation to the investment management industry.

It has special expertise in attribution analysis for international/global portfolios and the ability to produce analysis in any designated currency against any benchmark.

Fees are payable in both hard and soft dollars.

Other financial services provided include a multicurrency accounting service.

Patricia Dunn is the client contact.

Wurts, Johnson & Co.
1111 Third Ave., Suite 1200, Seattle,
Wash. 98101; (206) 622-3700

Wurts, Johnson & Co., an affiliate of Howard Johnson & Co., provides development of investment policies and objectives; development of appropriate asset allocation; U.S., international/global, real estate and GIC manager selection, performance measurement and additional performance analysis.

The firm also offers 401(k) investment option analysis and selection.

The firm has special expertise in 401(k) option analysis and pooled fund manager selection, and asset/liability studies.

The firm has 94 tax-exempt clients on retainer and provided services to 104 non-retainer tax-exempt clients during the past year.

There are four professional consultants. Fees are payable in both hard and soft dollars.

Tax-exempt retainer clients include Alaska Airlines, Nordstrom, Anchorage Police & Fire and Nevada Power.

William W. Wurts is the client contact in Seattle; Dale H. Stevens is the client contact in Los Angeles at (213) 623-3058.

Wyatt Asset Services Inc.
461 Fifth Ave., New York, N.Y. 10017;
(212) 251-5538

Wyatt Asset Services Inc., a subsidiary of The Wyatt Co., provides development of investment policies and objectives; development of appropriate asset allocation, U.S., international/global and GIC manager selection, performance measurement and additional performance analysis.

The firm also offers asset/liability modeling and trustee/custodian selection.

The firm has special expertise in asset/liability modeling and global investment management consulting.

The firm has 103 tax-exempt clients on retainer and provided services to 434 non-retainer tax-exempt clients during the past year.

There are 107 professional consultants. Fees are payable in hard dollars.

Other financial services provided are benefits and compensation consulting through the firm's parent.

Asghar Alam is the client contact.

Yanni Bilkey Investment Consulting Co.
2500 Grant Building, Pittsburgh, Pa.
15219; (412) 232-1000

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Equity managers put more into the market

By Fred Williams

Slow economic recovery coupled with low inflation and declining interest rates prompted equity money managers to reduce cash reserves to record lows in the third quarter.

At the end of the quarter, cash reserves dropped to 5% from 5.7% at the end of the second quarter, according to INDATA, a Southport, Conn., equity research service. The previous low was 5.4% at the end of the third quarter of 1976, INDATA data showed.

William T. Kennedy, an Atlanta pension consultant, said adjusted for the 5.3% increase in the Standard & Poor's 500 Stock Index, money managers to remain at the same level as in June should have held 5.43% equity cash reserves instead of the 5%, indicating a strong injection of cash into the equity market.

In addition, said Mr. Kennedy, 57% of money managers outperformed the S&P 500 for the first nine months of the year and during the third quarter were overweighted in the strongest performing sector of the stock market, financial stocks. Financials were up 37.3% for the year to date, compared with 20.4% for the S&P. Money managers held 12.8% of their portfolios in financial issues compared with 8.7% in the S&P.

The INDATA universe contains 1,205 institutional equity portfolios representing $200.5 billion.

While INDATA managers reduced equity cash reserves in the third quarter, the nine managers tracked by *Pensions & Investments* actually showed a slight increase in cash — to 10.6% Sept. 30 from 9.8% as of June 30.

Most of the managers tracked by *P&I* are relatively positive on the prospects for equities for the balance of 1991 and look for continued slow growth and declining interest rates as well as stable inflation.

"The stock market is still in an uptrend," said Eugene C. Sit, chief investment officer at Sit Investment Associates Inc., Minneapolis. As reasons, he cited a belief that interest rates will come down more, the Federal Reserve will continue to ease credit and inflation will remain stable at about 3.5%. "We believe the economy will show some recovery in the coming months and grow at a slow rate."

Sit kept its cash position of 5% between the second and third quarters in its $3.5 billion equity portfolio.

Lawrence J. Marks, managing director at Harbor Capital Management Co., Boston, said the economy has not yet emerged from the recession, "but we think it will early in 1992."

The economic recovery "will be slow enough to not pull a lot of money out of financial assets . . . and we are constructive for the equity market in coming months."

Harbor reduced cash to 3% to 4% in the third quarter from 7% in the second quarter. The firm manages $1.4 billion in equities.

Steve Koenig, principal at Informed Investors Group, a socially responsible investment firm in Seattle, said he believes consumer confidence should start to improve later this year and result in a strong stock market move by the end of December.

"I'd say we have another 10% to 15% more to go on the upside for the stock market. My feeling is more related to consumers and the market should react to that stronger consumer confidence," said Mr. Koenig.

The firm with the highest cash reserves was Equity Investment Corp., Atlanta, with 38% cash, up from 23% in June. The firm has $40 million under equity management.

James Barksdale, president and chief investment officer, said that while the yield on cash is low, some market participants have purchased stocks as a preferable alternative. But "at today's stock prices, the typical business can only generate a 4% operating return on the purchaser's initial capital. As a result, these buyers are accepting a lower return — plus greater risk — than cash." Money market funds are yielding slightly more than 5%, he said.

Other changes in equity cash by money managers tracked by *P&I* were:

- Hanson Investment Management Co., San Rafael, Calif., reduced equity cash to 5.2% from 7.5% in its $1.5 billion in equities under management.
- Lincoln Capital Management, Chicago, held its cash reserves constant at 9% from the end of the second quarter to the third quarter. Lincoln has $6.3 billion in equities under management.
- Schaenen Wood & Associates Inc., New York, increased its equity cash reserves to 20% at the end of the third quarter from 17% June 30. Schaenen Wood has $1.1 billion in equities under management.
- Benchmark Asset Management Inc., Houston, slightly reduced its cash to 2% at the end of the third quarter from 3% in the second quarter. The firm has $300 million equity portfolio.
- IDS Advisory Group Inc., Minneapolis, reduced cash reserves in its $4.4 billion equity portfolio to 1% to 3% from 6% to 8% June 30. ■

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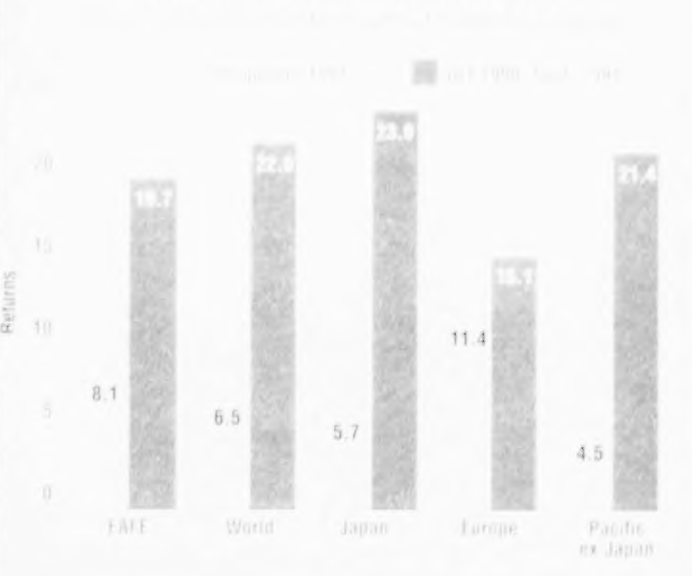
MSCI Worldwide indexes



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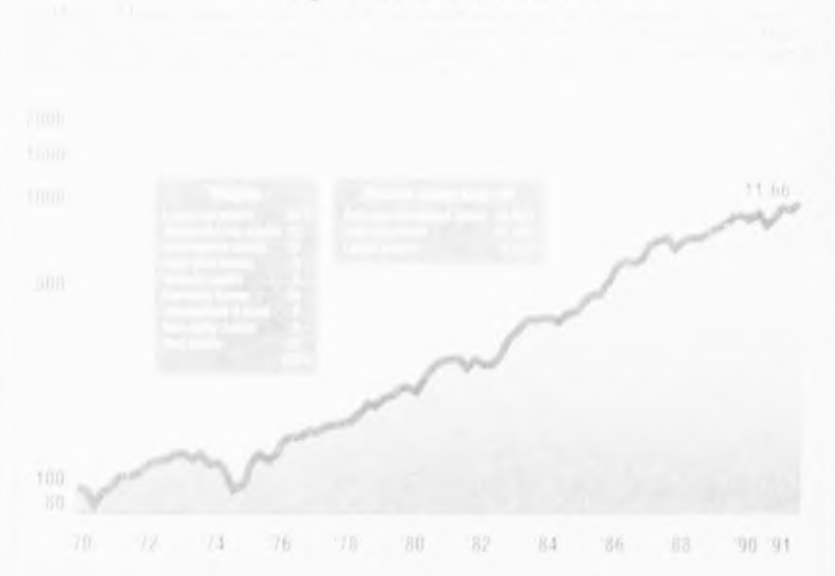
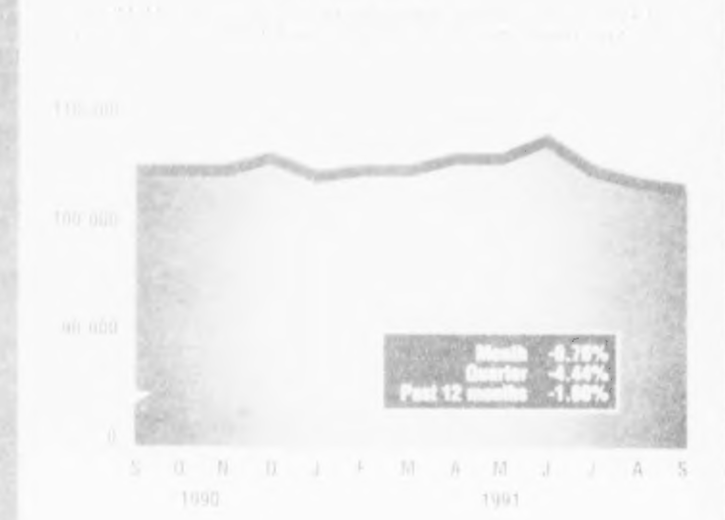


Russell indexes by economic sector

	Russell 3000	Russell 2000	Russell 1000
Autos & transportation	0.02 %	8.10 %	-0.50 %
Consumer discretionary	6.21	8.20	6.04
Consumer staples	9.25	4.30	9.31
Financial services	10.32	10.75	10.29
Health care	10.82	17.17	10.42
Integrated oils	4.30	11.29	4.37
Materials and processing	1.74	-0.84	1.98
Other energy	6.56	4.95	6.75
Producer durables	2.11	4.19	1.89
Technology	1.45	8.15	0.89
Utilities	7.78	10.37	7.71
TOTAL	6.30	8.15	6.16

MLM Index



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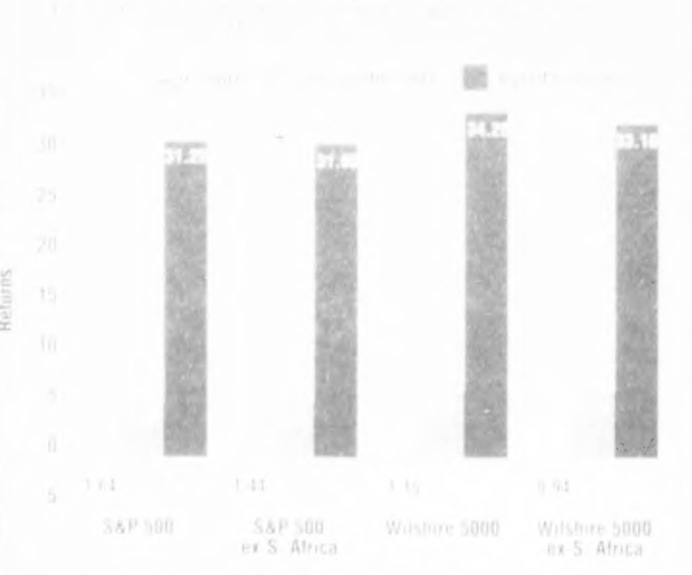
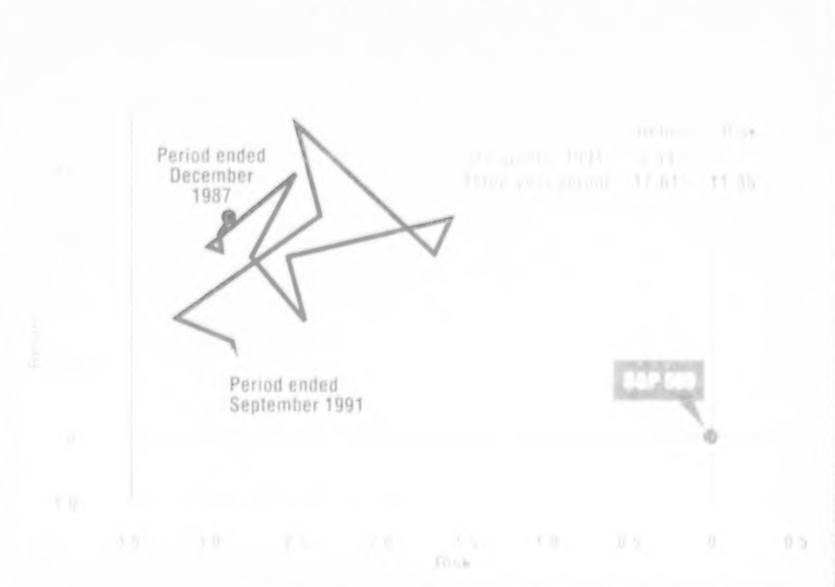


An Efficient Index



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Rates fall again in quarter

Downward spiral mirrors gentle easing of interest rates

By Anne Schwimmer

Guaranteed investment contract rates continued to drop in tandem with the Federal Reserve Board's interest rate easing during the third quarter.

As a result, GIC rates fell 100 basis points along with U.S. Treasury securities during the three-month period ended Sept. 30, according to John Knight, president of Lamberson Knight Inc., a Short Hills, N.J., GIC brokerage firm.

At the end of the third quarter, GIC rates were in the 7.65% to 7.94% range, he said. Spreads between five-year GICs and five-year Treasuries remained stable at about 70 to 90 basis points, Mr. Knight said, noting the rash of insurance company downgradings that plagued GIC issuers for most of this year seems to have eased up for now.

There were "more downgradings in (the third quarter) than in the previous two years," Mr. Knight said.

Despite the lull in downgradings, he said GIC investors are still engaged in a "flight to quality" and continue to have an appetite only for contracts issued by AA and AAA rated companies. But he predicted "investor confidence over the next year-and-a-half will start going up."

For example, "most people believe that most insurance companies will have taken care of their real estate problems by late 1992," Mr. Knight said.

The following insurance company rate quotes on bellwether five-year, single-deposit, simple-interest, $1 million GICs were provided by Lamberson Knight and GIC Inc., Beaverton, Ore. The first number is for late September, the second for late June:

- John Alden Life Insurance Co., Miami: 7.9 % vs. 8.9%.
- Allstate Life Insurance Cos., Northbrook, Ill.: 7.42% vs. 8.35%.
- Canada Life Assurance Co., Toronto: 7.4% vs. 8.23%.
- CNA Insurance Co., Chicago: 7.34% vs. 8.24%.
- Confederation Life Insurance Co., Atlanta: 7.67% vs. 8.63%.
- Connecticut Mutual Life Insurance Co., Hartford: 7.35% vs. 8.38%.
- Crown Life Insurance Co., Toronto: no quote vs. 8.59%.
- Hartford Life Insurance Co., Hartford: 7.10% vs. 8.23%.
- John Hancock Mutual Life Insurance Co., Boston: 7.49% vs. 8.25%.
- Life Insurance Co. of Georgia, Atlanta: 7.46% vs. 8.35%.
- Life Insurance Co. of Virginia, Richmond: 7.49% vs. 8.39%.
- Lincoln National Life Insurance Co., Fort Wayne, Ind.: 7.35% vs. 8.23%.
- New York Life Insurance Co., New York: 7.55% vs. 8.4%.
- Northwestern National Life Insurance Co., Minneapolis: 7.36% vs. 8.44%.
- Ohio National Life Insurance Co., Cincinnati: 7.6% vs. 8.59%.

William M. Mercer Asset Planning Inc., Deerfield, Ill., surveys insurance companies for rate quotations and provided the following summary of various bullet GICs for September 1991:

- Three-year, $1 million, compound: high, 7.55%; low, 6.04%; average, 6.84%.
- Three-year, $1 million, simple: high, 7.48%; low, 6.05%; average, 6.83%.
- Five-year, $1 million, compound: high, 8.51%; low, 6.94%; average, 7.74%.
- Five-year, $1 million, simple: high, 8.36%; low, 6.89%, average, 7.63%.
- Seven-year, $1 million, compound: high, 8.85%; low, 7.16%; average, 8.08%.
- Seven-year, $1 million, simple: high, 8.7%; low, 7.29%; average, 7.96%.
- Three-year, $5 million, compound: high, 7.6%; low, 6.2%; average, 6.9%.
- Three-year, $5 million, simple: high, 7.6%; low, 6.2%; average, 6.88%.
- Five-year, $5 million, compound: high, 8.51%; low, 7.25%, average, 7.8%.
- Five-year, $5 million, simple: high, 8.41%; low, 7.03%; average, 7.68%.
- Seven-year, $5 million, compound: high, 8.91%; low, 7.39%; average, 8.14%.
- Seven-year, $5 million, simple: high, 8.76%; low, 7.4%; average, 8.01%.

Mercer also surveys banks for rate quotes on their guaranteed instruments. Rates on one- and three-year bullet BICs for September were:

- One-year, $1 million, compound: high, 6.01%; low, 5.19%; average, 5.62%.
- One-year, $1 million, simple: high, 6.73%; low, 5.19%; average, 5.7%.
- Three-year, $1 million, compound: high, 7.21%; low, 6.41%; average, 6.77%.
- Three-year, $1 million, simple: high, 7.82%; low, 6.41%; average, 6.94%.
- One-year, $5 million, compound: high, 6.02%; low, 5.29%; average, 5.69%.
- One-year, $5 million, simple: high, 6.78%; low, 5.29%; average, 5.74%.
- Three-year, $5 million, compound: high, 7.28%; low, 6.51%; average, 6.84%.
- Three-year, $5 million, simple: high, 7.82%; low, 6.49%; average, 6.98%.

Schmidt Management Co., a GIC market research firm in Tulsa, Okla., has developed a guaranteed product performance measurement index. The Schmidt GIC composite index approximates the return of a continuous, equally weighted investment in one- to 10-year original maturity GICs. The index shows returns, not rates.

For the quarter ended Sept. 30, the Schmidt GIC Composite Index had a total return of 2.2%, compared with a 1.3% return by 90-day Treasury bills, 5.7% for the Standard & Poor's 500 Stock Index and a 5.4% return by the Merrill Lynch Government/Corporate Bond Master Index. For the year ended Sept. 30, the GIC Composite Index returned 9.2%. During the same period, 90-day Treasury bills returned 6.1%; the S&P 500, 31.2%; and the Shearson/Lehman bond index, 16%. ■

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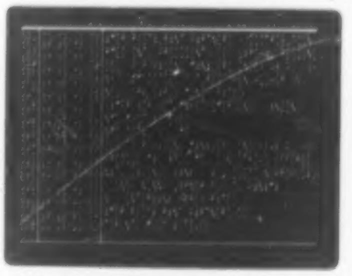

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Medicare

Continued from page 3

The bills are part of a congressional push in the area of health care reform. Passage is not likely this year, and the legislation may not be taken up until after the 1992 presidential elections.

A major hurdle to the Medicare legislation is the estimated annual cost of expanding the program — $25 billion through 1997. The substantial outlay would be funded through a payroll tax levied on workers nationwide, whether or not their employers offered retiree health benefits.

The benefits of the proposal would be concentrated among a few companies, even though most employers are straining under huge retiree medical obligations they must report on their balance sheets beginning in 1993.

"The bulk of these liabilities are concentrated in a relatively small number of large corporations," said Lawrence H. Thompson, assistant comptroller general, human resources division at the GAO. "Something like 4% of the companies actually offer (retiree health benefits). Forty percent of the work force was employed in these firms."

The companies that would benefit are those that have received the greatest tax subsidies in the past, said Rep. Nancy Johnson, R-Conn.

"I wouldn't say it would be a benefit to corporate America," said Howard C. Weizmann, president of the Association for Private Pension and Welfare Plans, Washington, at the hearing. "Employers with different demographics in their work forces would benefit differentially."

But labor supports the initiatives to lower Medicare age eligibility as a way to redirect compensation to wages and pensions from high-cost health benefits and to stave off further reductions in health care benefits that have left many early retirees with no medical care coverage.

By lowering the eligibility age, Mr. Thompson said, Medicare would become the primary insurer for workers who retire before age 65, and it would provide coverage for early retirees from companies that do not offer retiree health benefits.

Lowering the eligibility age also would reduce companies' pay-as-you-go costs, accrued liabilities and pre-funding costs for retiree health benefits, Mr. Thompson said. Companies' health costs for retirees covered by Medicare average about 70% less than their costs for retirees not covered by Medicare, he said.

By the GAO's estimation, lowering Medicare eligibility to age 60 this year would reduce companies' total 1991 pay-as-you-go costs of $11.4 billion by 35% or $4 billion.

The portion of companies' accrued liabilities for retirees, estimated at $132 billion in 1991, would decrease about 23% to $102 billion. The portion of companies' accrued liabilities for active workers, estimated at $203 billion in 1991, would decrease about 34% to $134 billion, according to GAO estimates.

If all companies had begun pre-funding the cost of retiree health benefits in 1991, their costs would have dropped about 17% to $35 billion from $42 billion.

But some employers and the public would pick up the added cost, Rep. Johnson said.

"There would be a cost shifting to the public for about 70% of those costs" for retiree health care, she said.

One of the major sticking points at the hearing last week was employer concern that lowering Medicare eligibility would spur more workers to take early retirement, something companies are beginning to fear as the labor force ages and shrinks.

"Employers can encourage people to work longer by deferring or delaying the age at which they would have retiree medical protection," said Dallas L. Salisbury, president of the Employee Benefit Research Institute, Washington.

A Gallup poll conducted with EBRI showed that 64% of respondents said they would not retire without retiree medical benefits.

But employers' savings would enable companies to provide better wages and pension benefits, labor representatives said.

"Employer savings . . . would enable the redirection of benefit dollars back to wages and other important benefits such as pensions, now crowded out by retiree health care costs," said Meredith Miller, AFL-CIO assistant director of the department of employee benefits, at the hearing. "Unions and employers would benefit by pooling risks, spreading costs and matching benefit eligibility with the average retirement age of 60 years."

Another concern was whether lowering the Medicare age really would reduce employers' costs.

"Simply lowering the Medicare age from age 65 to 60 shifts some of those costs to the employers themselves in the form of higher utilization," Mr. Weizmann said.

To the degree that employers pick up expenses Medicare does not cover, employer costs could increase. ■

Zell

Continued from page 2

turn properties with the expectation of significant future growth to make up the difference," said Mr. Stephens. The Southern Cos. fund has about 5% of its assets in real estate.

The ZML II fund is expecting a total return of 15% to 20% over its life, said Mr. Phillips. The general partners will be putting in $25 million of their own assets.

Mr. Phillips said the fund won't be buying cheap, below-investment-grade properties.

Besides the ZML II fund, Contra Costa County and Southern Cos. hired additional real estate advisers. Southern Cos. hired AMB Institutional Realty Advisors, San Francisco; TA Associates Realty, Boston; and Metric Institutional Realty Advisors, San Francisco.

Southern Cos. allocated $80 million to AMB for a separate account of core portfolio real estate. TA Associates received $18 million for its Advent Realty Fund II and $14 million was given to Metric for its Apartment Fund II.

Contra Costa County allocated $10 million to Metric for its Apartment Fund II.

Some pension officers, meanwhile, are fielding offers from property owners. "We're swamped. This morning alone I received nine telephone calls" from owners offering properties for sale, said Paul Fanfero, an investment officer with the $26 billion Wisconsin State Investment Board. He said many owners are aggressive because of the lack of buyers as a result of a scarcity of financing and liquidity in the current economy.

He said he is focusing on buying interests in retail malls that are dominant "quasi-monopolies." He said the difficulty in buying dominant malls often concerns who will control the malls after purchasing a joint venture interest.

To help identify potential properties for purchase, the Wisconsin fund recently hired Jones Lang Wootton Realty Advisors, New York; The Yarmouth Group Inc., New York; Aldrich Eastman & Waltch, Boston; and JMB Institutional Realty Corp., Chicago, as separate account advisers.

Mr. Fanfero said none of the new advisers was allocated a set amount of money. They will bring properties for consideration to the pension staff.

The Wisconsin fund also dropped Equitable Real Estate Investment Management Inc., New York, as an acquisitions manager. However, Mr. Fanfero said, Equitable will continue to manage some properties in the fund's real estate portfolio, which accounts for about 4% of assets.

While the $4.2 billion Los Angeles Fire & Police Retirement System is seeking a core real estate manager, the fund might do "opportunistic" buying at a later date, said Dennis Sugino, chief investment officer.

The Los Angeles fund has about 5% of its assets in real estate.

The $4.2 billion Nevada Public Employees Retirement System, Carson City, allocated another $35 million to the $500 million Core Group Trust real estate fund, which is managed by Lehndorff & Babson Real Estate Counsel, Dallas.

Laura Wallace, investment officer with the Nevada fund, said the retirement system has about 8.5% of assets in real estate. ■

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AT DEADLINE

Support of EFT charge cools

A proposal imposing billions of dollars in fees on large users of electronic fund transfers apparently is dead.

Staffers for Sen. John Kerry and Rep. Joseph Kennedy, both Massachusetts Democrats, said the two won't propose amendments to banking-related legislation to impose a fee on fund transfers. A coalition of institutional investors, financial firms, unions and municipalities had opposed the measure, which was designed to refinance the savings and loan and bank insurance funds and the Resolution Trust Corp.

Bill outlines PBGC status

The Bush administration last week unveiled comprehensive legislation to clarify and improve the creditor status of the PBGC for unpaid pension obligations for employers in Chapter 11 bankruptcy. The legislation was introduced by Rep. Rod Chandler, R-Wash., and Sen. Charles E. Grassley, R-Iowa.

Russell sets midcap index

Frank Russell Co. launched a medium-capitalization equity index composed of 800 stocks with market capitalizations between $350 million and $3.25 billion. The index, taken from the bottom of its Russell 1000, falls between the Russell 2000 and the Standard & Poor's 500 in market capitalization.

Managers, custodian hired

The $140 million **Warren**

Continued on page 42

INSIDE

AP/WIDE WORLD PHOTOS

Stocks reflect Magic

Earvin "Magic" Johnson's announcement that he is infected with HIV has been reflected in drug stock prices, and analysts don't expect his statement to prolong the rally in that segment of the market. *Page 6.*

Managers unswayed by market drop

Bears, bulls stick to their strategies

By Joel Chernoff and Terry Williams

Money managers are sticking to their guns following the recent market turmoil.

Managers who had built up defensive positions prior to the 120-point drop Nov. 15 are strengthened in their convictions, while more bullish managers are using the market's condition as an added buying opportunity.

"We have been buying in as the market has been going down," said Ed Peters, senior manager of asset allocation with PanAgora Asset Management, Boston.

Conversely, James H. Ayres, chief investment officer of J.H. Ayres & Co. Inc., Colorado, Springs, Colo., another tactical asset allocator, is 100% in cash equivalents and will maintain his defensive position. "The odds are high that the trends are down, and we don't want to ride that roller coaster."

The key measure that is keeping Mr. Ayres in cash is banks' loan-to-investment ratio.

"For many months, the total loans have been declining at an annualized rate of 10%," said Mr. Ayres. "Their investments (in Treasuries) have been rising," while banks are not issuing new loans.

Until banks begin to lend again, there will be "no fuel to spur the economy," he said.

Consequently, the market has not reached equilibrium, and Mr. Ayres is defensive.

Similarly, Richard Fontaine, chief investment officer of Richard Fontaine Associates Inc., Baltimore, said: "We are in the early stages of a bear market."

Stock prices are overvalued on a historical basis, with the Standard & Poor's 400 Index at 290% of book value and yielding only 2.7%, Mr. Fontaine said. Price-to-earnings ratios are anywhere from 20 to 23, depending on how well corporate earnings fare this year, he said. Meanwhile, the economy still is weighed down by the enormous debt load that has been acquired during the past 20 years, meaning the correction could be a long one and the Dow Jones Industrial Average could drop to around 2,200, he said.

The weakened economy has led Mr. Fontaine to reduce stock accounts to only 40% invested, with the remainder in intermediate Treasuries. Mr. Fontaine has about 5% of his institutional portfolios in gold-related stocks, such as **Newmont Mining Corp.**, **Battle Mountain Gold** and **FMC Gold Co.** He also has about 10% to 11% invested in media stocks, including **The New York Times Co.**, **Tribune Co.** and **Times Mirror Co.**

Richard Howard, portfolio manager for T. Rowe Price's Capital Appreciation Fund, Baltimore, is invested only 50% in common stocks, with the balance in cash, preferred stocks and convertibles. Valuations for the S&P 400 and 500 "are right off the end of the scale," he said.

Despite record high valuations, most managers seemed to believe the market was in for a normal correction, from 10% to 15%, and

See **Market** *on page 40*

Most investors pass on Met Life transfer

By Hillary Durgin

NEW YORK — Costs and uncertainty prevented the majority of Mutual of New York's GIC clients from transferring their contracts to Metropolitan Life Insurance Co.

Only about one-third — $458 million — of MONY's $1.5 billion in guaranteed investment contracts was shifted to Met Life under the $666 million transaction between the mutual insurance companies.

"With interest rates doing what they're doing, I don't think I could get (MONY's rate) by doing anything other than leaving it where it is," said Barbara Curley, administrator for the $10 million Bookbinder Multiemployer Group/Graphic Communications International Union Local 2B Joint Pension Fund, Philadelphia.

The transfer caps a deal intended to calm investor fears over the security of their MONY investments, and prevent outright client flight by offering an option beyond staying with MONY or liquidating their accounts.

In addition to the contracts it will assume, Met Life will supply MONY with $300 million the insurer can use as contracts mature, benefit payments come due or premature withdrawal requests are made.

The $666 million figure includes a portion of the MONY contracts that will be invested in a Met Life separate account, a portion of the contracts Met Life will guarantee outright, and a $300 million re-insurance agreement, slightly offset by that guarantee.

The $458 million transfer figure was in line with what the insurers, investment managers and consultants had expected. Investors had to decide by Nov. 15 if they were going to accept the transfer option.

Expected reductions in GIC yields of up to one percentage point, as well as overall uncertainty on what the rates would be and when the principal on the contracts would be paid, were deterrents to accepting the deal.

The Bookbinder fund has two GIC contracts with MONY, valued at a total of about $1 million, as well as $4 million in six MONY separate accounts.

"We're not withdrawing any money — not on the separate account side or the GIC side," said Ms. Curley.

"We're leaving everything just the way it is."

The two GICs, which mature in early 1994, have interest rates of 8.85% and 9.11%.

Uncertain interest rates deterred Xerox Corp., Stamford Conn., from participating in the Met Life deal.

"We're staying with MONY," said Jerry Paolini, manager-trust investment strategy for the company, which has $4 billion in defined benefit and defined contribution assets.

Xerox has one $3 million MONY contract in its $940 million GIC portfolio that is earning 9.49% and matures in January.

"We looked at it, but unless they tell me what the interest rate is going to be, we have a reluctance going into it," Mr. Paolini said. "It could change significantly."

Pension fund executives had three options in the MONY-Met Life deal: jump to Met Life; liqui-

See **MONY** *on page 43*

The University of Illinois intends to place 75% of its short-term cash portfolio with external managers to boost returns.

Companies reach out

Short-term managers sought as rates fall

By Fred Williams

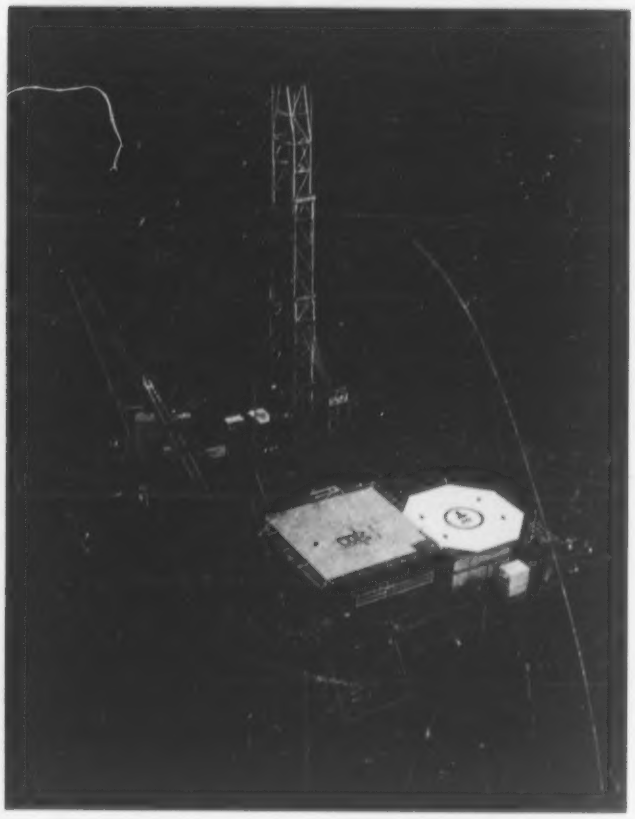
Sagging short-term interest rates and recession-produced belt tightening are forcing some executives to turn to outside managers in their search for higher yields on their short-term cash portfolios.

Short-term rates have dropped 300 to 400 basis points in the past 18 months, pulling the yield on traditional short-term investments down to their lowest point in months.

"Many corporate treasurers are starting to find that the buy-and-hold strategies they have used are not as successful," said David Blanchard, managing director at Twenty-First Securities Corp.,

See **Rates** *on page 39*

NEWS DIGEST



Torch Energy Advisors, which operates this oil rig in the Gulf of Mexico, is one of several oil and gas companies attracting the interest — and assets — of pension funds. Page 35.

SPECIAL REPORT: PIPER

Health care, technology and specialty retail stocks lead returns for the third quarter and year. Page 17.

FINANCING

Vulture investors are in line for a windfall under Goldriver Finance Corp.'s amended reorganization. Page 3.

INTERNATIONAL

Performance of emerging markets over nearly seven years has lagged developed non-U.S. markets. Page 3.

REAL ESTATE

The former chairman of Trident Investments Inc. settles a suit filed by his former employer. Page 4.

Pension fund officers are getting new scares as falling property values send open-end commingled funds tumbling to one of the lowest levels ever. Page 17.

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Manager Scoreboard poll under way

Questionnaires for *Pensions & Investments'* annual survey of the growth of money managers have been mailed. The completed forms, to be used for a special report published Feb. 3, must be returned by Dec. 31. If you do not receive a questionnaire, or if you have any questions, contact Christine Philip, directory coordinator, at (312) 649-5217.

Shut out of market neutral

Trustee accounting problems too much for most funds

By Terry Williams

All but the most sophisticated pension funds are being shut out of market neutral investing because master trustees can't record short sales and reflect the negative values that result when the strategy is implemented.

Most institutional investors also will be reluctant to put money into market neutral because of the use of broker/dealers to perform the custody function, an alien concept for investment committees and trustees.

Market neutral advisers buy stocks they believe are undervalued and sell short those they expect to perform poorly. The proceeds of the short sale are invested in Treasury bills, thus locking in a risk-free rate. Returns are enhanced if the stocks that were bought rise and those that were sold short go down.

"There isn't a trustee in the country that can handle these market neutral strategies," said David White, treasurer and chief investment officer of the $2.1 billion Rockefeller Foundation, New York. "It will be a great impediment to the widespread (use) of these kinds of strategies."

Mr. White inherited Rockefeller's market neutral portfolio, but is well versed in the strategy. He guided the $4.5 billion pension fund of Unisys Corp. into the strategy during his tenure as chief investment officer. He would not say how much Rockefeller has in the market neutral strategy.

But for pension funds already running money in the strategy, that's the way they want it.

Donald Borneman, assistant vice president-asset management with the $1.6 billion Consolidated Natural Gas Co., Pittsburgh, and a market neutral investor, put it very succinctly: "Fewer people means more opportunities." Consolidated has $25 million in the strategy.

Many master trustees' recordkeeping systems are not equipped to handle the short sales and negative positions that are part of the strategy, according to two market neutral strategists who asked their names not be used.

But representatives at one bank — Boston Safe Deposit and Trust Co. — claim its institutional accounting system, which was implemented in the first half of this year, can handle the transactions.

"Our system looks at the nega-

See **Neutral** *on page 41*

GIC assets moving to bonds

By Fred Williams

Up to 10% of the assets earmarked this year for the guaranteed portions of defined contribution plans is going into actively managed bond accounts instead of into GICs.

Plan executives are turning to bonds as yields on guaranteed investment contracts shrink and credit concerns about the insurance industry rise.

Plan sponsors using, or considering using, bonds in their guaranteed accounts are BASF Corp., Parsippany, N.J.; Xerox Corp., Stamford Conn.; Dayton (Ohio) Power & Light Co.; Sandoz Corp., New York; Halliburton Corp., Dallas; and the American Stock Exchange. Others said to be looking at bonds include Fluor Daniel Inc., Irvine, Calif., and Amgen Corp., Sherman Oaks, Calif.

Among GIC alternatives, synthetic GICs are more popular than bonds, probably accounting for about three times the amount of placements. But bonds are appealing because an actively managed bond portfolio could outperform a GIC or synthetic GIC portfolio.

Robert Hunkeler said Sandoz would consider synthetic GICs before active bond strategies.

The bonds are marked to market and not subject to book value accounting like GICs and synthetic GICs.

Short- to intermediate-term bonds with low volatility are used as GIC alternatives. Bond managers say such investments can substitute for a portion of GICs without subjecting the portfolio to wild price swings.

Most bond managers with short- to intermediate-term strategies report gaining assets that would have gone to GICs in the past.

They include: Piper Capital Management, Minneapolis; RNC Capital Management, Los Angeles; Neuberger & Berman, New York; Brown Brothers Harriman & Co., New York; Sterling Capital Management, Charlotte, N.C.; Garner Asset Management, Little Rock, Ark.; Merganser Capital Management, Cambridge, Mass.; Mellon Bond Associates, Pittsburgh; and Daniel Breen & Co., Houston.

See **Bonds** *on page 41*

Montana mortgage move a first

By Anne Schwimmer

HELENA, Mont. — The Montana Board of Investments' recent decision to team up with a Maryland savings and loan to invest in mortgage service contracts might prove a big trendsetter, much to the fund's surprise.

"We're just kind of amazed at the amount of interest in this," said Dave Lewis, executive director of the $3.8 billion fund. He said the fund had received calls from other pension executives and from consultants interested in learning more about teaming up with S&Ls to invest in mortgage servicing contracts.

"I just had a call from a consultant who was evaluating it for the Massachusetts funds. We're aware that several of the other Western funds are looking at it," he said.

The Massachusetts consultant, Universal Investment Services Inc., Boston, declined to comment on its plan.

"I think we're the first pension fund to have done so," Mr. Lewis said. "I don't think we're going to be the last by far."

The fund has committed $25 million to a partnership with the Standard Federal Savings and Loan Association, Gaithersburg, Md. The S&L will offer the partnership the opportunity to invest in certain servicing rights.

As a partner, the pension fund will choose whether or not the group should acquire those rights. Then the fund will supply the capital to acquire the rights it agrees are attractive, while the S&L will service the mortgages.

"We're the capital in the partnership, and then Standard Federal provides the expertise," Mr. Lewis said. "They, as do most savings and loans, have very strict requirements to increase their capital requirements. They just didn't have the capital to purchase" the servicing rights, Mr. Lewis explained. He added the S&L is looking for other investors for the partnership.

"We realized we didn't know much about it, so we retained a consultant who spent about three months doing a real thorough review of this company" and the investment opportunity.

The opportunity intrigued the Montana fund because of "what appeared to be very comfortable returns and a reasonable level of risk," Mr. Lewis said. "Our consultant felt that it was not unreasonable to expect something like 15%" in returns, he added.

The consultant, Fred Flanders, could not be reached for comment. He was working as an independent consultant at the time and now is president of the Valley Bank of Helena.

The decision to go ahead ultimately brought another benefit to the state fund, Mr. Lewis said. "A corollary benefit is that they are going to open a servicing center here in Montana. They're going to bring some people out here. . . . It's going to start at 75 and then grow to 250 to 300 (new jobs) over a few years. It's a good opportunity for us and it works out well from both perspectives," Mr. Lewis said. ■

Performance lag emerges

Upstart markets as a whole trail developed countries

By Margaret Price

The overall performance of emerging stock markets over a nearly seven-year period has lagged that of developed non-U.S. markets, calling into question whether the returns justify the additional risks and costs.

Investing in emerging markets — such as those in Chile, Thailand, Mexico and other Third World countries — has been gaining popularity among pension funds and other institutional investors seeking portfolio diversification and incremental returns.

Between the end of December 1984 and September 1991, the International Finance Corp.'s Composite Index — composed of 836 stocks in 20 developing countries — returned 20.2% in U.S. dollar terms, compared with the Morgan Stanley Capital International Europe Australia Far East Index's 22.8%.

During that same period, the IFC composite surpassed the Standard & Poor's 500 Stock Index by 3.1 percentage points.

(Eastern Europe markets still are too young to be a strong investment draw and aren't included in most major benchmarks.)

Individual emerging markets and specific regions have outpaced overall indexes. Fueled by gains mainly in recent times, the IFC's Latin America Index posted a compound annual 30.1% return in U.S. dollar terms between the end of December 1984 and September 1991. The IFC Asia Index rose 21% during the same period.

But managers can't always call the markets right. During a one-year period ended Sept. 30, an average of nine global emerging markets funds studied by Lipper Analytical Services Inc., Summit, N.J., failed to beat the IFC composite.

To at least some emerging market proponents, the IFC composite suffers from certain flaws: heavy weighting in countries, including South Korea, where it has been difficult for foreigners to invest and limitations on the amount of a company's shares foreigners can buy in some countries.

Some managers cite a preference for the MSCI Emerging Markets Free Index, which includes only countries that don't have strong restrictions on foreign investment. Between its inception in January 1988 and Oct. 31, 1991, the emerging market index rose 262.4% compared with EAFE's 14.8%. The index, however, covers fewer markets than the IFC composite.

Some experts also point out comparable data will vary according to periods studied. For example, for the year ended Sept. 30, the IFC composite returned 33.7% vs. 22.3% for EAFE. The nine, mostly closed-end, emerging market funds tracked by Lipper had an average return of 29.76%.

In addition, advocates say emerging market returns are lowly correlated with each other and with those in developed markets, leading to a lower overall portfolio risk.

"The critical issue for pension sponsors is: 'Am I getting sufficient incremental return from my emerging markets exposure for the risk I am taking?' and 'Am I getting sufficient diversification against my holdings in major markets?' " said William McBride, international editor, Lipper Analytical Services. In most cases, he thinks emerging market investors are achieving those goals.

Edwin J. Ehrlich, director-pension fund trusts for ITT Corp., New York, calls his fund's emerging market investments "spectacular." A little more than two years ago, the fund invested $15 million each into two separate emerging markets strategies: one employing Los Angeles-based Capital Guardian Trust Co.'s Emerging Markets Growth Fund; and another using Lazard Freres & Co., New York, which invests in emerging markets through investment trusts (*Pensions & Investments*, Oct. 16, 1989).

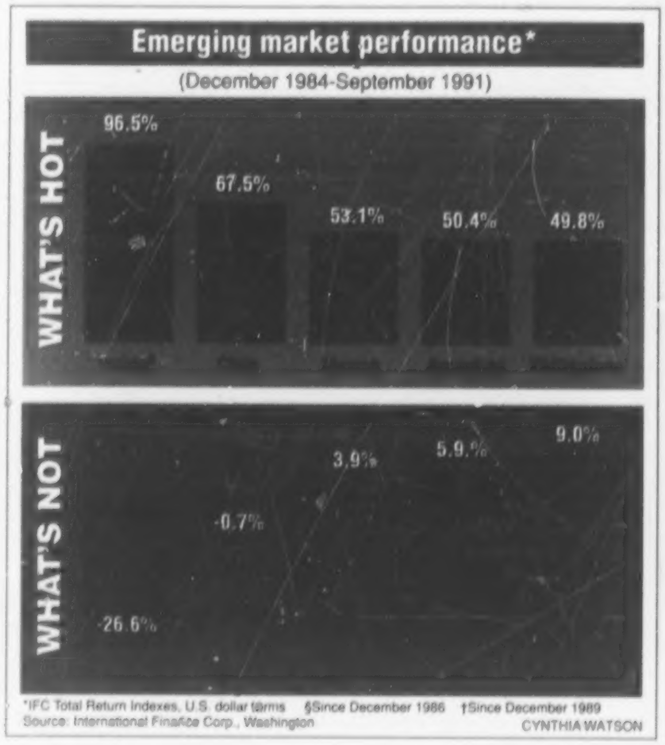
According to Mr. Ehrlich, "between Aug. 31, 1989 and September of this year, our Capital Guardian strategy is up close to 17% compared with −3.5% for EAFE." Between June 30, 1989 and Sept. 30, 1991, the investment trust strategy rose 9%, compared with a flat EAFE performance, he said.

The approximately $25 billion State of Wisconsin Investment Board, Madison, is "doing fact-finding on emerging markets, and our board may consider (that area) in the near future," said James Severance, a portfolio manager for the fund. "We think (emerging market) returns can and will be superior, and that there is going to be opportunities unleashed around the world."

Emerging market investing remains highly risky. Experts cite such problems as market volatility, illiquidity, speculation, timeliness of trading and settlements, among a host of other concerns.

Emerging markets such as In-

See **Emerging** *on page 41*



Emerging market performance*

(December 1984-September 1991)

*IFC Total Return Indexes, U.S. dollar terms §Since December 1986 †Since December 1989
Source: International Finance Corp., Washington

CYNTHIA WATSON

Investors' bond bet a winner

By Marlene Givant Star

LAUGHLIN, Nev. — Vulture investors such as the Harvard University endowment and the Rockefeller Foundation would get a windfall under an amended reorganization plan filed by Goldriver Finance Corp. and a committee of its bondholders.

The reorganization, expected to be approved Dec. 4, calls for bondholders to get 67% of the stock and all of the new notes to be issued by the company.

Bondholders of Goldriver include Massachusetts Financial Services; Keystone Custodian Funds; Equitable Capital Management Corp.; National Bond Fund; Merrill Lynch Asset Management; State Street Research & Management Co.; and Whippoorwill Associates, which runs money for Harvard and Rockefeller.

These investors bought the bonds shortly after the company's Chapter 11 filing in February.

Original holders, who suffered a principal loss on the bonds, and some analysts think the outstanding bonds of the bankrupt casino company are still attractive given the prospects for Goldriver and the casino gaming industry.

The reorganization plan will be funded principally with cash generated by the casino and the contribution of $6 million of cash for 33% of the outstanding common stock of the reorganized company. The contribution will be made by a group of individual investors led by John H. Midby, who was the general partner and principal owner of the casino. He will remain an owner through his new investment.

Under the plan, interest will begin to accrue on the new notes, with expected distribution of the new security package occurring when the company's gaming license is transferred to its new management team by the end of

See **Bet** *on page 40*

SAM'S TOWN
GOLD RIVER
SAM'S TOWN

Strong earnings potential for Sam's Town Gold River casino hotel could mean a big payoff for Goldriver bondholders.

Firm limits UAW health care costs

By Curtis Vosti

ST. LOUIS — McDonnell Douglas Corp. is capping health costs for its UAW retirees beginning in 1996 in an effort to stem a reported $500 million liability for their post-retirement health care.

The cap for the firm's 23,000 UAW members addresses just part of the company's liability, estimated at $3 billion by industry analysts.

Under a contract approved last month, McDonnell Douglas will cap its costs for UAW members at $6,537 annually for single coverage and $14,382 annually for family coverage. Future retirees with less than 30 years of service will pay a portion of the cap.

The plan, approved by five locals of the United Automobile, Aerospace and Agricultural Implement Workers of America, has drawn criticism from some union leaders. They call the imposition of graded health premiums the start of a potential "conflict for benefits between active and retired members." In some cases, they say, the health premiums will be more than the pension benefits for retirees.

McDonnell Douglas officials declined to be interviewed for this article. The firm, which employs about 120,000 nationwide, has to begin contract negotiations with four International Association of Machinists locals in 1992. A retiree health care cap is expected to be an issue in those negotiations as well.

Last month, UAW Amalgamated Local 148, which represents about 19,500 workers at the firm's Long Beach, Calif., plant, approved a negotiated package that calls for workers who retire after 1994 to pick up a portion of health premiums beginning in 1996. The four-year contract, which runs until March 1995, exempts from premium payments those who retire between now and Jan. 1, 1994 and accumulate 75 points (based on years of service plus age).

The other four, much smaller, locals approved the original company proposal that exempts those with 75 points who retire before 1993 and imposed the graded health premiums in 1993. But with Local 148 opposing that, the contract it ratified last month applies to all the unions. It sets up the possibility the cap will be an issue in the next round of negotiations before the graded premiums kick in.

The cap, which takes effect in 1996, imposes higher health insurance premiums for those who retire after 1994 and on those who retire before then without accumulating 75 points.

Currently, retirees pay $10.40 per month for single health coverage and $20.80 per month for family coverage.

Under the new plan, retirees with 10 years of service will pay 60% of expenses up to the cap plus any costs beyond the cap; those with 15 years of service will pay 45% up to the cap plus any

See **Cap** *on page 42*

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Equity ■ Balanced ■ Fixed Portfolios

Trident settles suit against former exec

By Steve Hemmerick

LOS ANGELES — Robert C. Weiner, former chairman of Trident Investments Inc., has reached an out-of-court settlement in a suit brought by his former employer.

Under the settlement, Mr. Weiner agreed to return 46,000 shares of Pacific Inland Bancorp., valued at $250,000, according to Jonathan Cole, an attorney representing Trident Investment and its former parent, Pacific Inland.

Trident and Pacific Inland had filed a civil suit filed in Los Angeles Superior Court last November seeking more than $2 million in general and punitive damages after charging Mr. Weiner with breach of employment contract, breach of fiduciary duties, constructive fraud, unfair competition and other charges.

Another lawsuit involving Trident Investment — filed by Sidney Hansen, the firm's former chief executive officer, in Orange County Superior Court, Santa Ana, Calif. — is still in litigation.

According to the first lawsuit, Mr. Weiner "schemed" to take away Trident's chief client, the $2 billion Chicago Municipal Employees' Annuity and Benefit Fund, while he was still working for Trident.

Trident earned in excess of $750,000 a year in fees for managing a $547 million real estate and venture capital portfolio for the Chicago pension fund.

Mr. Weiner sought the Chicago pension fund's business for his own new firm, JCW Investments Inc., now in Ridgewood, N.J.

Mr. Weiner had agreed to $120,000-a-year base salary, plus a maximum bonus of $60,000 a year, when he signed a five-year consulting agreement with Trident in February 1982. That agreement, according to the lawsuit, said Mr. Weiner was not to render any investment or advisory services in competition with Trident for two years after the agreement expired.

Though the agreement would have expired in February 1987, it was extended by mutual agreement, according to the suit.

Mr. Weiner, however, unilaterally terminated the consulting agreement in December 1988, according to the lawsuit.

The lawsuit said Trident received a letter from the Chicago fund in November 1988, saying it was terminating Trident because Mr. Weiner was leaving the firm and the fund would sign a new contract for pension management services with him.

When Trident was terminated by the Chicago pension fund in December 1988, "Trident's business totally deteriorated, and it has essentially been put out of business," according to the lawsuit.

(When asked in an interview if Trident still was in business, Philip Bourdillon, president of Trident Investments, said: "Not really. We're on a back burner. It's a long story." He said he couldn't say anything more at this time.)

Mr. Cole said Trident agreed to the terms of the settlement that involved substantially less than the $2 million in damages sought in part because Mr. Weiner never gained the Chicago pension fund as a client.

"The fact that (Mr. Weiner) did commit some wrongful conduct

See **Trident** *on page 41*

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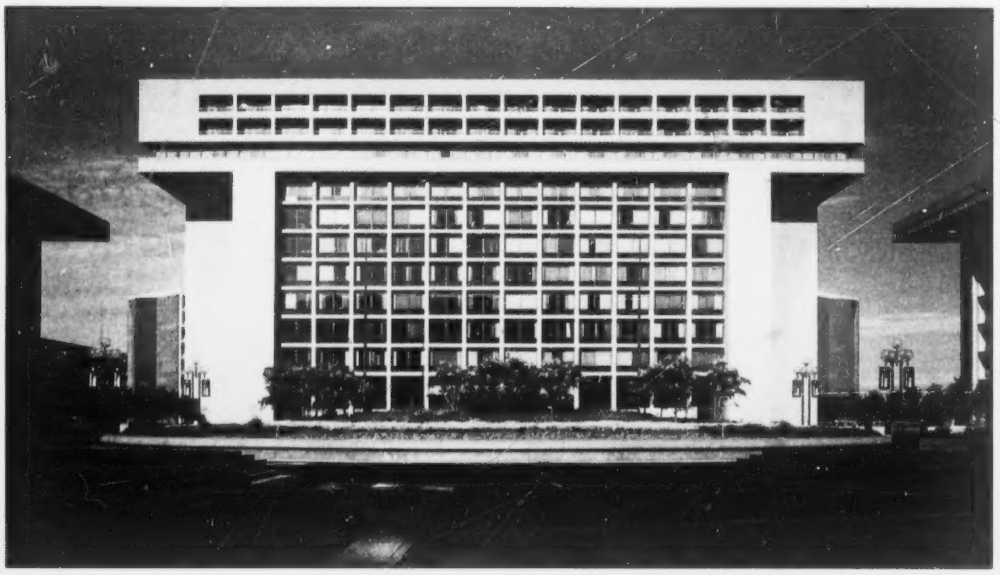
CORRECTIONS & CLARIFICATIONS

- **Ennis, Knupp & Associates** has 67 tax-exempt retainer clients. An incorrect number was published in the Nov. 11 consultants' directory.



L'Enfant Plaza, a Washington commercial complex, is the headquarters of Eastern Realty Investment.

REAL ESTATE

Manager looks outside U.S. for property investors

■ Shortly after the London-based Electricity Supply Pension Scheme's U.S. real estate subsidiary decided to market its investment advice to other investors in 1989, the bottom dropped out of the U.S. market.

The $17 billion pension fund — one of the largest in Great Britain — had long been an investor in U.S. real estate. L'Enfant Plaza, a 2 million-square-foot hotel, office and shopping complex in Washington, is both the cornerstone and headquarters of its U.S. real estate unit, Eastern Realty Investment Management Inc.

But even with a strong 10-year track record and an unusual opportunity to co-invest alongside one of Britain's largest pension funds, U.S. pension executives shied away from the plunging real estate market, explained Frank Pfau, vice president for institutional accounts at Eastern.

Even a British investor — Allied Dunbar Properties Inc., London — withdrew a $30 million commitment.

Instead, Mr. Pfau soon expects to close a $100 million-plus pool for investment in U.S. property with private German investors and believes future investments will come largely from other private investors based in Europe, the Far East and Near East.

— Joel Chernoff

INSURERS

Big players taking junk-diet route

■ After more than a year of high-profile problems and the failure of four major insurance companies largely due to losses on their junk bond portfolios, many large insurance carriers have begun reducing their junk bond investments, a survey shows.

The survey by Weiss Research Inc. shows 10 of the largest insurance carriers that held 10% or more of their investments in junk bonds in 1990 have reduced their holdings by an average of more than 25% of invested assets.

The most aggressive seller is United Pacific Life Insurance Co., Seattle, which had been among the most aggressive junk bond investors. United Pacific reduced its exposure by nearly 48%.

Jackson National Life Insurance Co., Lansing, Mich., also dramatically reduced its junk portfolio from 19.3% of invested assets to 11%.

A spokeswoman for Weiss said the decline does not mean the insurance industry is now on sound footing, "but it represents an awareness of the problem that they were over-invested in junk bonds in the current economic climate and that it was prudent to reduce those holdings."

She said the survey did not include questions on real estate. Weiss is a West Palm Beach, Fla., financial services research and rating firm.

— Fred Williams

Junk bond holdings of insurance companies

Percent of invested assets; companies have $4 billion or more in assets

Company	June 30	Dec. 31
United Pacific	17.2 %*	32.9 %
Anchor National	15.8	22.6
Kemper Investors	15.5	22.4
Northwestern National	15.5 —	16.9
Jackson National	11.0**	19.3
Pruco	10.2	12.3
Sun Life of America	9.9	14.4
Fidelity & Guaranty	9.7	12.9
Keyport	9.5	11.1
Allstate	8.7	10.1

*Reflects data as of July 31 **Reflects data as of Aug. 29

Source: Weiss Research Inc., West Palm Beach, Fla.

CYNTHIA WATSON

CORPORATE GOVERNANCE

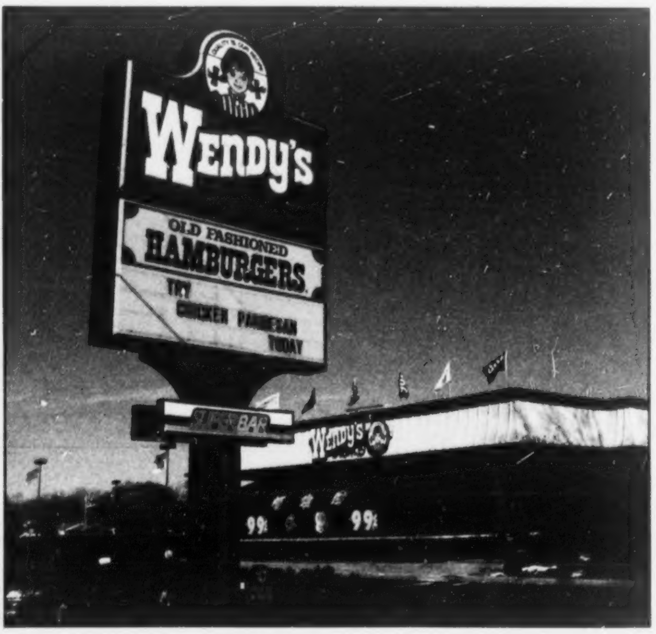
Wendy's changes shareholder menu

■ Wendy's International Inc., Dublin, Ohio, has adopted a policy requiring its chairman and a majority of its board nominating committee be independent, outside directors.

The new policy and an earlier decision to adopt a companywide employee stock option program, prompted the United Shareholders Association, Washington, to release the fast-food chain from its shareholder activism campaign.

The new stock option plan, which links the compensation incentives of management and employees to improved stock price performance, "puts Wendy's on the cutting edge of shareholder rights," said Ralph V. Whitworth, president of the organization of individual shareholders.

— Marlene Givant Star



ANTHONY F. FICKE

Wendy's new policy on independent directors was praised by a shareholder activist group.

WASHINGTON

'Pension losers' miss out again

■ The Senate voted 51-46 to strip the "pension losers" provisions from the Older Americans Act, effectively killing the measure for this year.

Those provisions would have saddled the Pension Benefit Guaranty Corp. with anywhere from $340 million to $500 million in liabilities to cover the unfunded pension benefits of participants whose plans were shut down before the Employee Retirement Income Security Act was passed in 1974.

The bill "represents an unprecedented and disastrous raid" on the PBGC trust fund, Sen. Orrin Hatch, R-Utah, argued in the lengthy Senate debate.

The Bush administration had opposed the measure, which it argued would have burdened the PBGC, already beset with a $2 billion-plus deficit. Secretary of Labor Lynn Martin also claimed the bill would have circumvented budgetary rules, and that administering benefits for persons whose plans terminated 20 or 30 years ago would have been an administrative nightmare.

But supporters of the bill, led by Sens. Brock Adams, D-Wash., and Howard Metzenbaum, D-Ohio, the legislation's sponsor, argued the PBGC could afford to pay the $51 million and declining annual cost of providing benefits to some 38,000 surviving participants and beneficiaries. Under the bill's formula, participants could receive a maximum benefit of $1,500 a year.

— Joel Chernoff

INTERNATIONAL

TV, 3-hour lunches worth a mention

■ Amid the serious discussion of emerging markets at *Pensions & Investments*' second annual World Congress on Global Investment Management were these remarks:

- "If I had a vote, the 1992 Nobel Peace Prize would go to Ted Turner" — Madhav Dhar, principal with Morgan Stanley Asset Management, New York.

"With television in every small village . . . governments can run but they can't hide."

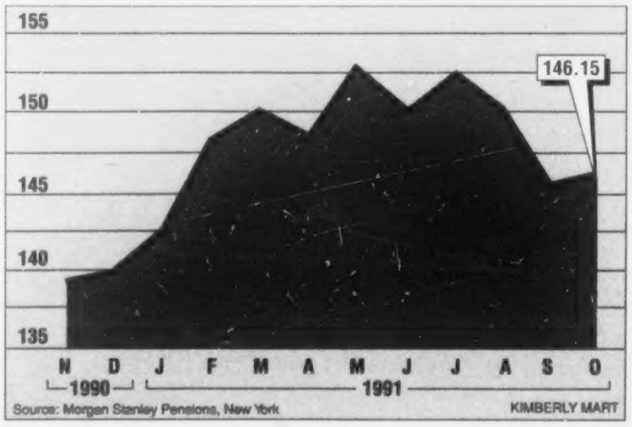
- "I have a money manager friend who won't buy stocks in any country that takes a three-hour lunch break" — E. Douglas Taylor, executive director of investment management at Pacific Telesis Group, San Francisco, and chairman of the global investment conference.

Mr. Taylor's remark came during his discussion of five factors he considers important for an emerging market.

The lunch break theory goes under strong work ethic, Mr. Taylor said.

— Nancy K. Webman

Pension surplus index



Source: Morgan Stanley Pensions, New York

KIMBERLY MART

COMMENTARY

Shareholder activism without proxy proposals

By Robert A.G. Monks and Nell Minow

The California Public Employees' Retirement System has been the leading shareholder activist since the early days of Jesse Unruh protesting Texaco's payment of greenmail. Since 1987, the cornerstone of the California system's corporate governance program has been the shareholder resolution, which has garnered increasing levels of support, inspired similar proposals from other pension funds, and achieved a number of negotiated improvements with management.

Now, the system's board of trustees has decided the pension fund will abandon the shareholder resolution. It won't introduce any in the coming proxy season. California Employees' chief executive officer, Dale Hanson, argues the role of shareholders in corporate governance has advanced to the point that a resolution is not necessary to get management's attention. Mr. Hanson believes the retirement system can achieve results by communicating with managements discreetly and outside of the confrontational atmosphere of proxy solicitation. Will this new tactic work?

One has to turn back a half-dozen years to understand the role shareholder resolutions have played in creating a system of accountability. So long as shareholders were able only to respond to management's proposals, there was no possibility that any shareholder would have enough at stake to make the expense of meaningfully opposition sensible.

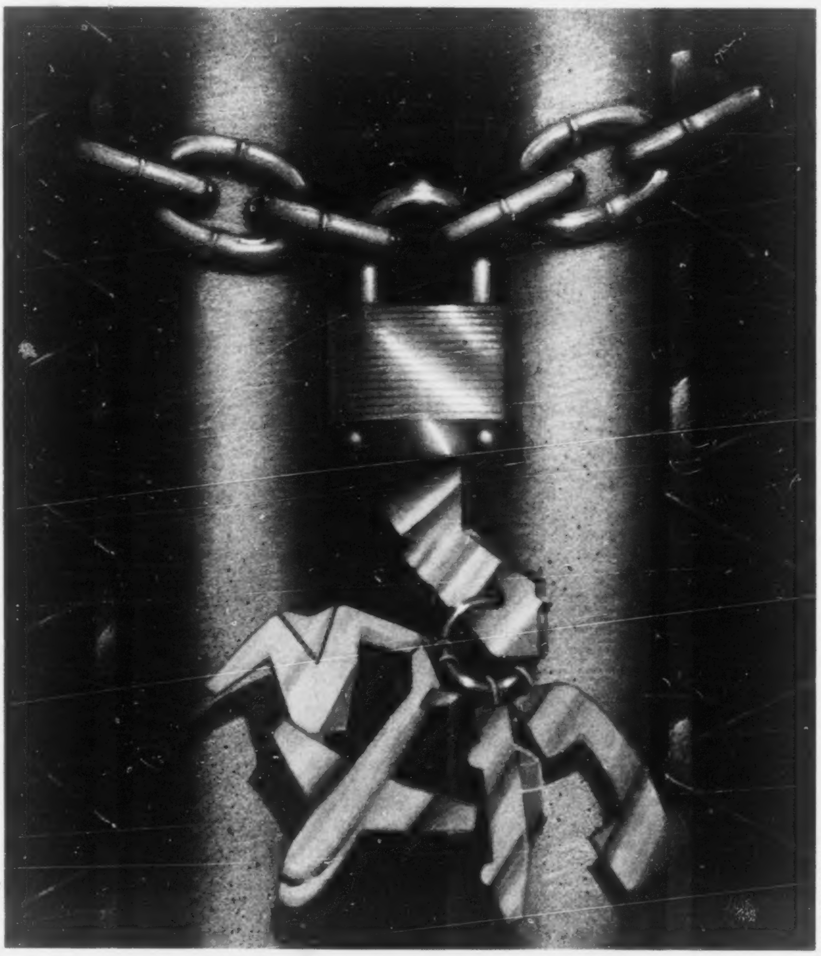
But the takeover boom presented shareholders, especially fiduciary shareholders, with abuses to which they had to respond more directly. When shareholders chose the ground, they chose symbolically and simply. Do you want to permit management to restrict your right to sell your stock to a willing buyer at a mutually agreeable price, without putting it to a shareholder vote? No. Then vote for the resolution *asking* management to secure shareholder approval of "poison pills." Do you want to permit management access to all ballots to permit them to resolicit (and pressure) shareholders who vote against them, something no one else can do? No. Then vote for a resolution *requesting* management to adopt confidential voting. The resolutions submitted by the California fund and other plans were precatory and polite. They were not designed to force management to do anything; rather they were to "raise consciousness" that the corporate form of organization must be based on effective accountability of management to owners.

The California system improved its program each year, and ultimately found one sure way to make managements uncomfortable enough to really get their attention. That was through a shareholder resolution calling for the establishment of "shareholder advisory committees." Management didn't want to take the chance it might lose a vote calling for the establishment of such an institution; therefore, it had to talk with the retirement fund before the deadline for withdrawing the resolution. From all accounts, these discussions were conducted in a cooperative environment.

Consciousness of shareholder power certainly has been raised. But this is largely a matter of appearances. Management's interest is in being able to point to something to give the appearance of an effective system of governance. The California retirement fund, with its highly visible initiatives that still were not binding and not directed at any meaningful strategic issues, gave management a "colorable claim" to accountability, without any real threat to the exercise of power. Particularly poignant was ITT Corp.'s management, which assured the California system it would welcome the opportunity to sit down and talk over questions of mutual interest, to unleash only a week later the bombshell of the eight-figure salary of its chief executive officer, Rand Araskog. Thus, the fabled strength of the institutional investor seemed thwarted again.

Management made changes, but the changes were of tone, of vocabulary, of approach. It was so important to appear to defer to the "sleeping giants" that the Business Roundtable even underwrote a study "showing" how powerful the institutional shareholders had become. The study, of course, was used to support the Roundtable's claim that the institutions were so powerful the Securities and Exchange Commission should keep in place the impediments to any additional actions.

But there have been some signs of real advancement. Management took part in a continuing outreach process with public pension funds, culminating in the publication in the July-August 1991 Harvard Business Review of a new governance compact between owners and directors. Although couched in generalities, this statement was a great accomplishment. It represents recognition by leading figures of management and ownership of their need for each other; the according desirability of a cooperative relationship; the crucial importance of independent directors as the key link between their interests; and the efficacy of dialogue.


RICHARD STERGULZ

The important question is whether the compact is an end or beginning. Will both parties continue the process?

The recent proxy rulemaking at the SEC, involving some very mild proposals to amend the technical rules governing communication among shareholders, has resulted in an unusually large and diverse number of comments. Every comment filed by management opposed the rules, and every comment filed by shareholders supported them (or alternative changes). So far, business as usual. The Roundtable not only filed its own comment, and comments by its members and supporters, but they pulled out all the stops to derail the whole process. The powerful business group, according to a report, has been meeting with senior administration officials, bypassing the SEC, to kill the proposed rules. The most recent news is that SEC Chairman Richard Breeden has agreed to watering down the staff proposal.

On the other hand, there is encouraging evidence some corporate managements have found the exposure to their owners to be productive. Conspicuously, Lockheed Corp.'s chief executive officer, Daniel M. Tellep, came out of his spring 1990 "baptism of fire" in the Harold Simmons proxy contest to reach out, to solicit suggestions for board nominees from owners. Ultimately he chose four utterly new candidates, whose involvement he found enriching to the company. Dale Hanson is betting Mr. Tellep represents the emerging trend in corporate America and the Business Roundtable's stonewall opposition is a relic of the past.

The submission of H. Brewster Atwater, chairman of the Business Roundtable's Corporate Governance Task Force, to the SEC last September offers some hope. In the midst of his objections to the proposed amendments, he notes: "If interested shareholders focus their attention and efforts on poorly performing companies, the current proxy process can be used very effectively to remedy problems without undue cost of burden." There is, thus, a level of agreement at the top — both Messrs. Hanson and Atwater agree it is appropriate for institutional investors to take some action with "poorly performing companies."

The California Employees' new program will include the same kind of selection of target companies as in the past, but this time the fund's officials will begin discussions with a telephone call instead of a registered letter containing a proxy resolution proposal. The fund will raise issues in direct discussions with management, rather than the awkward approach through shareholder proposals.

We have, therefore, a basis for optimism in looking forward to accomplishments in 1992 with California's 12 target companies. If there are no accomplishments, at least institutional investors will know the California Employees' took the lead in trying the high road. Sooner or later, we have to learn whether there is any substance in the widely proclaimed corporate governance movement. ■

Robert A.G. Monks is president of Institutional Shareholder Partners Inc., Washington. Nell Minow is a member of the board of directors of Institutional Shareholder Services Inc., Washington.

LETTERS TO THE EDITOR

Do not bureaucrats bleed?

■ David Langer has become distressed at the gross overregulation of his line of work. So David has decided to take on the modern Goliath, government. In a July 9 commentary, he charged "mismanagement and corruption at the government level." "The abuses of government," he adds, "ought to be the primary target."

I don't think he has it quite right. The chief problem is excessive "government," not abusive government. The more regulators, the more regulations. One can no longer say, with Will Rogers, "Thank God you're not getting all the government you're paying for." We are are suffering from "hyperlexis," as another wit recently called it.

What David wants, along with every sensible person, is "a minimum of additional burden and cost for both sponsors and government." I am convinced that most governmental regulators now in high policy positions do also. It does no good to inveigh against them with such charges as "colossal failure," "unsound management" and "corruption," which they might perceive as opprobious. Does not a bureaucrat bleed?

There are hopeful signs of a bare beginning of the process of pension simplification on Capitol Hill and elsewhere in government. Bare beginnings aren't enough. Take the Garden of Eden. Let's not make the road harder to travel by paving it with bad invectives. We need all the government people we can get on our side. They are more valuable as allies than scapegoats.

Alvin D. Lurie
Meyers Tersigni Lurie Feldman & Gray
New York

RREEF revises figures

■ In regard to RREEF's tax-exempt assets listed in the page 19 table of "Largest Real Estate Managers" in the Sept. 16 issue:

The correct tax-exempt total is $4.188 billion not $3.421 billion; the correct equity amount is $4.139 billion not $3.372 billion; and the correct fully discretionary amount is $3.25 billion not $2.487 billion.

Dana D. Gulseth
Supervisor Client Reporting
RREEF
San Francisco

Editor's note: The revisions change some totals at the bottom of the chart. Tax-exempt assets now total $128.049 billion; equity assets, $104.522 billion; and fully discretionary assets, $90.166 billion.

No haven in realty storm

Returns dismal; little hope of rescue seen on horizon

By Steve Hemmerick

Pension fund officers are getting new scares from real estate as falling property values have sent open-end commingled real estate fund performance numbers tumbling to one of their lowest levels ever.

The median open-end fund scored a total return of −0.4% for the quarter ended June 30, according to the Pensions & Investments' Performance Evaluation Report.

For the year, the median total return scored almost as low, at −0.3%.

The negative median number is the first for open-end commingled real estate funds since PIPER began recording real estate numbers in 1988, and probably the first negative median number since the real estate recession of the mid-1970s.

One of the lowest open-end fund return numbers comes from the once-high-flying $2.7 billion Development Properties Account of Copley Real Estate Advisors, Boston, which scored a minus −14.4% for the year.

The Copley fund had been scoring returns in the high teens only a few years ago.

The worst return, −18%, for the year came from Bank of Boston's Real Estate Fund.

Other low returns came from the $539 million NCNB Real Estate Fund of NCNB National Bank of North Carolina, Charlotte, at −10.1%; and the $850 million Participating Mortgage Separate Account of Aetna Realty Investors Inc., Hartford, Conn., with −6.5%.

Pension fund officers increasingly are comparing their real estate return with returns from other asset classes to help define where they should be putting their available cash. The declining numbers from real estate have made stocks and bonds look even better. For the year ended June 30, the S&P 500 returned 7.4%, and the Shearson Lehman Government Corporate Bond Index returned 10.2%.

Falling returns from real estate continue to disturb pension fund investment officers.

Keith Geddis, real estate investment officer for the $11.4 billion Los Angeles County Employees' Retirement Association, said pension funds need to put on "probation" those real estate managers who aren't performing to expectations, and ultimately terminate them if there is no improvement in performance. Pension funds, he said, can be patient but not passive. The fund is considering the strategy for cases in which performance has been poor, he added.

And the investment return numbers from real estate likely will get worse.

"I think you are going to see substantial negative numbers in real estate for the rest of this year. I think the negative numbers will continue into next year because they are going to reflect current declines," said Nori Gerardo, a principal in the Portland, Ore., office of the pension consulting firm Pension Consulting Alliance.

Serious problems continue in real estate in the economically troubled Northeast, she said.

But problems are building in California, soon to touch real estate advisers with substantial real estate exposure there.

"Historically, California has been perhaps one of the strongest regions (for real estate). For the first time we are beginning to see writedowns in California," said Ms. Gerardo.

She said some real estate managers have claimed their California real estate has been a "saving grace" for them because that state's economy has been so diversified.

But, she said, "We are seeing negative numbers (in California) right now."

The turmoil in real estate has contributed to what Ms. Gerardo called a "precipitous drop-off" in commitments to real estate by pension funds and and advisers "other than a handful who have decided to dollar cost average in."

For the year ended June 30, the median return for closed-end funds barely remained positive, at 0.4%. But some of the worst performing closed-end funds have had lower numbers than open-end funds.

For the 12 months, the $90 million State Street Real Estate Fund IV, managed by Aldrich Eastman & Waltch, Boston, returned −65.9%; Fund I of Baring Institutional Realty Advisors, New York, returned −40.1%.

Ms. Gerardo said, however, some of the real estate funds with the poorest returns are the funds that are writing down values now, and some other funds might have to write down values later.

As real estate is written down, it is the beginning of the break in prices that investors have been seeking, she added.

Some commingled real estate funds have been doing well even in the current depressed real estate market.

For the year, the top performing — 14.9% — open-end fund was the $875 million Separate Account Timber Fund of John Hancock Financial Services, Boston. Tops among closed-end funds for the period was the $29 million Mortgage Fund II of INVESCO Realty Advisors, Dallas, with 14.2%. ■

PIPER fixed-income funds

	Periods ended Sept. 30				
	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	10.3	33.8	15.3	12.5	17.5
First quartile	6.0	[illegible]	11.4	[illegible]	[illegible]
Median	5.5	15.0	10.9	9.1	13.5
Third quartile	[illegible]	13.3	10.2	[illegible]	[illegible]
Lowest return	0.0	7.0	5.3	7.2	9.0
SLB G/C	5.8	15.9	11.3	9.1	14.2

PIPER equity funds

	Periods ended Sept. 30				
	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	21.6	72.5	29.9	23.0	25.3
First quartile	7.3	35.9	17.7	15.0	[illegible]
Median	5.6	31.3	15.7	13.7	16.6
Third quartile	4.5	20.7	13.5	11.9	[illegible]
Lowest return	-0.9	11.1	-0.4	1.1	11.0
S&P 500	5.4	31.2	16.5	14.7	17.5

PIPER special equity funds

	Periods ended Sept. 30				
	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	21.8	112.2	41.2	23.9	21.5
First quartile	[illegible]	[illegible]	[illegible]	16.7	[illegible]
Median	9.0	46.9	16.5	13.9	16.8
Third quartile	[illegible]	[illegible]	12.0	10.6	[illegible]
Lowest return	0.9	10.6	-1.8	4.0	9.4
S&P 500	[illegible]	[illegible]	16.5	[illegible]	17.5
Russell 2000	8.2	45.1	8.7	8.2	12.9

PIPER+ fixed-income funds

	Periods ended Sept. 30				
	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.0	34.8	20.6	16.5	20.1
First quartile	[illegible]	[illegible]	11.7	[illegible]	[illegible]
Median	5.7	15.8	11.2	9.4	14.4
Third quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lowest return	1.4	7.4	8.1	6.6	10.2
SLB G/C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PIPER+ equity funds

	Periods ended Sept. 30				
	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	24.7	107.1	42.6	31.7	38.6
First quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Median	6.7	35.0	16.1	14.4	17.8
Third quartile	[illegible]	[illegible]	13.5	12.5	[illegible]
Lowest return	-3.7	-3.3	3.3	5.6	11.8
S&P 500	[illegible]	[illegible]	[illegible]	14.7	17.5

PIPER+ special equity funds

	Periods ended Sept. 30				
	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	27.0	81.3	36.2	41.5	35.8
First quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Median	6.4	27.7	11.2	10.0	15.6
Third quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lowest return	-11.9	-25.5	-0.1	1.3	11.0
S&P 500	[illegible]	[illegible]	[illegible]	[illegible]	17.5
Russell 2000	8.2	45.1	8.7	8.2	12.9

Growth is key to success

Smaller stocks continue on their performance joy ride

By Sabine Schramm

Health care, technology and specialty retail growth stock portfolios led third-quarter and one-year returns for both PIPER and PIPER+ equity funds.

Small- and medium-capitalization growth stocks continue to be attractive to investors. Small-cap growth managers, after a seven-year slump, are optimistic about the trend and look forward to a cycle of five to seven years of good performance, according to Parag Saxena, managing director at Chancellor Capital Management, New York. The firm's $91 million small-cap growth fund returned 107.1% for the year ended Sept. 30, finishing first in the PIPER+ universe.

Mr. Saxena said trends that made large companies attractive in the 1980s, like liquidity and growth, are no longer true. He also sees a move away from indexing "now that small companies are doing well, people will be forced to be stock pickers."

"Small companies are less encumbered than large companies, not depending on earnings share," said Anthony Nappi, president and chief executive officer at Provident Mutual Financial Services, Wilmington, Del. He remains bullish on growth in the economy through the end of 1992 as long as the basic fabric of the budget agreement is maintained.

The resurgence of small-cap growth stocks relative to the Standard & Poor's 500 Stock Index started in the fourth quarter of 1990. The S&P returned 31.5% for the year ended Sept. 30, compared with a 45.1% increase for the Russell 2000.

The top-performing equity portfolios in both the Pensions & Investments' Performance Evaluation Report and PIPER+ emphasized health care, technology and specialty retailing as key growth sectors in the economy.

Ron Worobel, portfolio manager of growth equities at MacKay-Shields Financial Corp., New York, has concentrated 65% to 70% of its growth portfolio investments in those sectors.

Mr. Worobel manages the $186 million New York Life Institutional Growth Fund for New York Life Insurance Co. in PIPER and MacKay-Shields' $79.5 million Mainstay Capital Appreciation fund in PIPER+. The New York Life fund was first for the quarter, with a 21.6% return; the MacKay-Shields fund was third in its universe, with 21.9% for the quarter.

"We've had a good batting average," said Mr. Nappi, who manages Philadelphia-based Provident Mutual Life Insurance Co.'s $17.5 million emerging small-cap growth stock fund, which returned 16.6% for the quarter, ranking second. "We have a decent mix of NASDAQ small-cap stocks." But he admits, "Third quarter 1990 was terrible. We stuck to our guns."

The fund holds shares in **American Software Inc.**, **ChemDesign Corp.**, **Geodynamics Corp.**, **Dress Barn Inc.**, **Greenery Rehabilitation Group** and **NovaCare Inc.**

"The best performers for a number of years will come from managers concentrating on growth stock rather than value," said Alan J. Dworsky, principal at Mt. Auburn Management, Boston.

Mt. Auburn's Concentration Fund finished second in PIPER+ with 23% for the quarter.

A specialty growth manager, Mt. Auburn has targeted health care, technology, specialty retailing and communications as the strongest growth sectors. The portfolio is limited to 10 medium-sized companies with capitalization of $500 million to $5 billion.

On Sept. 30, the portfolio held only nine stocks. The discipline of limiting the number of stocks forces him to make a choice, said Mr. Dworsky. The portfolio's largest position by appreciation is

See **PIPER** *on page 30*

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Top decile PIPER commingled fixed-income funds

3-month returns

	%
Lincoln Nat'l (Long)	10.3
Boatmen's Trust (Var. mat. F)	10.1
Keystone Invst. (Convert.)	9.2
Equitable Capital (Strategic)	8.7
Prudential (Long term)	8.6
NCNB (Long term)	8.2
Southwest Nat'l Bank of Pa. (F)	8.1
UBS Asset (CMB long term)	7.6
United Capital	7.5
United States Trust Co. N.Y.	7.4
Life of Virginia Aon	7.4
Metropolitan Life (S.A. 41)	7.2
Transamerica Invst.	7.2
Wellington Mgmt. (Interm.)	7.1
State Bank & Trust (D)	7.0
Team Bank (Long term)	7.0
Comerica	6.8
CIGNA Invst. (Active)	6.8
Manufacturers Affiliated	6.8
Manufacturers Nat'l Detroit (F)	6.8
General American (Priv. place. B)	6.8
Ameritrust Securities (Texas)	6.7
Bank of Delaware	6.7
Pacific Financial Asset	6.6
Bankers Trust (Gov't mtg. P)	6.6
First Fidelity (F)	6.5
Bankers Trust (Long/interm.)	6.5
Provident Capital (F)	6.5
SLB G/C	**5.8**

1-year returns

	%
Keystone Invst. (Convert.)	33.8
Lincoln Nat'l (Long)	25.1
Boatmen's Trust (Var. mat. F)	25.0
Wellington Mgmt. (Emerg.)	23.1
Connecticut Mutual (Convert.)	21.2
Equitable Capital (Strategic)	21.1
Life of Virginia Aon	21.1
Prudential (Long term)	20.7
NCNB (Long term)	20.5
UBS Asset (CMB long term)	19.4
Second Nat'l Bank (F)	19.3
Wellington Mgmt. (Interm.)	19.2
State Bank & Trust (D)	19.0
Penn Mutual Life (S.A. C)	18.9
PW Trust (Conservative)	18.7
First Nat'l Bank of Amarillo	18.3
Pacific Financial	18.2
Metropolitan Life (S.A. 41)	18.1
First Variable Life (H.Q.)	18.1
Northern Trust	18.1
United States Trust Co. N.Y.	18.0
CIGNA Invst. (Active)	18.0
Aetna Life	17.9
John Hancock Mutual (1D)	17.7
Southwest Nat'l Bank of Pa. (F)	17.6
Provident Capital (F)	17.6
Colorado Nat'l Bank	17.3
JP Morgan Invst. (Tactical dur.)	17.2
SLB G/C	**15.9**

5-year returns

	%
Wellington Mgmt. (Interm.)	12.6
General American (Priv. place. B)	11.2
Transamerica Invst.	11.2
Meridian	11.1
Aetna Life	10.7
Bankers Trust (Gov't mtg. P)	10.7
Pacific Financial	10.7
First Nat'l Bank of Amarillo	10.7
J.P. Morgan Invst.	10.7
Beverly Trust	10.5
NCNB (Mtg. backed)	10.5
Harris Trust	10.4
The Principal	10.4
First Nat'l Bank of Maryland	10.4
Equitable Capital (Strategic)	10.2
Sanwa Bank Calif.	10.2
Boatmen's Trust (Var. mat. F)	10.2
IAA Trust	10.2
Marinvest	10.1
Nat'l Bank of Detroit (F)	10.1
First Kentucky Trust	10.0
General American (Con. mtg.)	10.0
Prudential (Privest)	10.0
UBS Asset (CMB sec. M)	10.0
Wachovia Invst.	10.0
SLB G/C	**9.1**

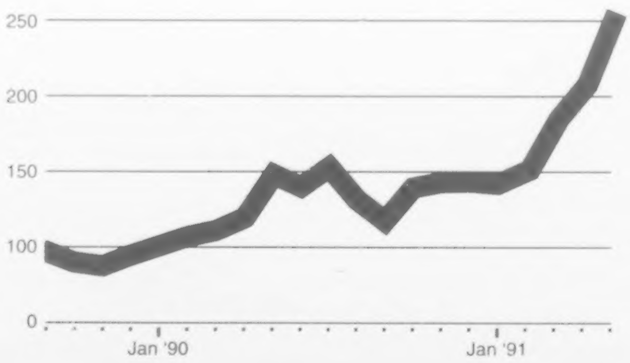
10-year returns

	%
Transamerica Invst.	17.5
Boatmen's Trust (Var. mat. F)	17.2
United Capital Mgmt.	17.0
Meridian	16.7
IAA Trust	16.3
Life of Virginia Aon	16.1
Pacific Financial	15.9
ASB Capital Mgmt.	15.8
Society Nat'l Bank	15.7
First Kentucky Trust	15.5
Colorado Nat'l Trust	15.5
C&S Sovran Capital (Inst.)	15.5
John Hancock Mutual (1D)	15.5
Equitable Capital (Strategic)	15.4
Prudential (Privest)	15.4
CIGNA Invst. (Active)	15.4
AmSouth Bank	15.4
SLB G/C	**14.2**

Top decile PIPER commingled equity funds

3-month returns

	%
New York Life (Growth)	21.6
Provident Mutual (Agg.)	16.6



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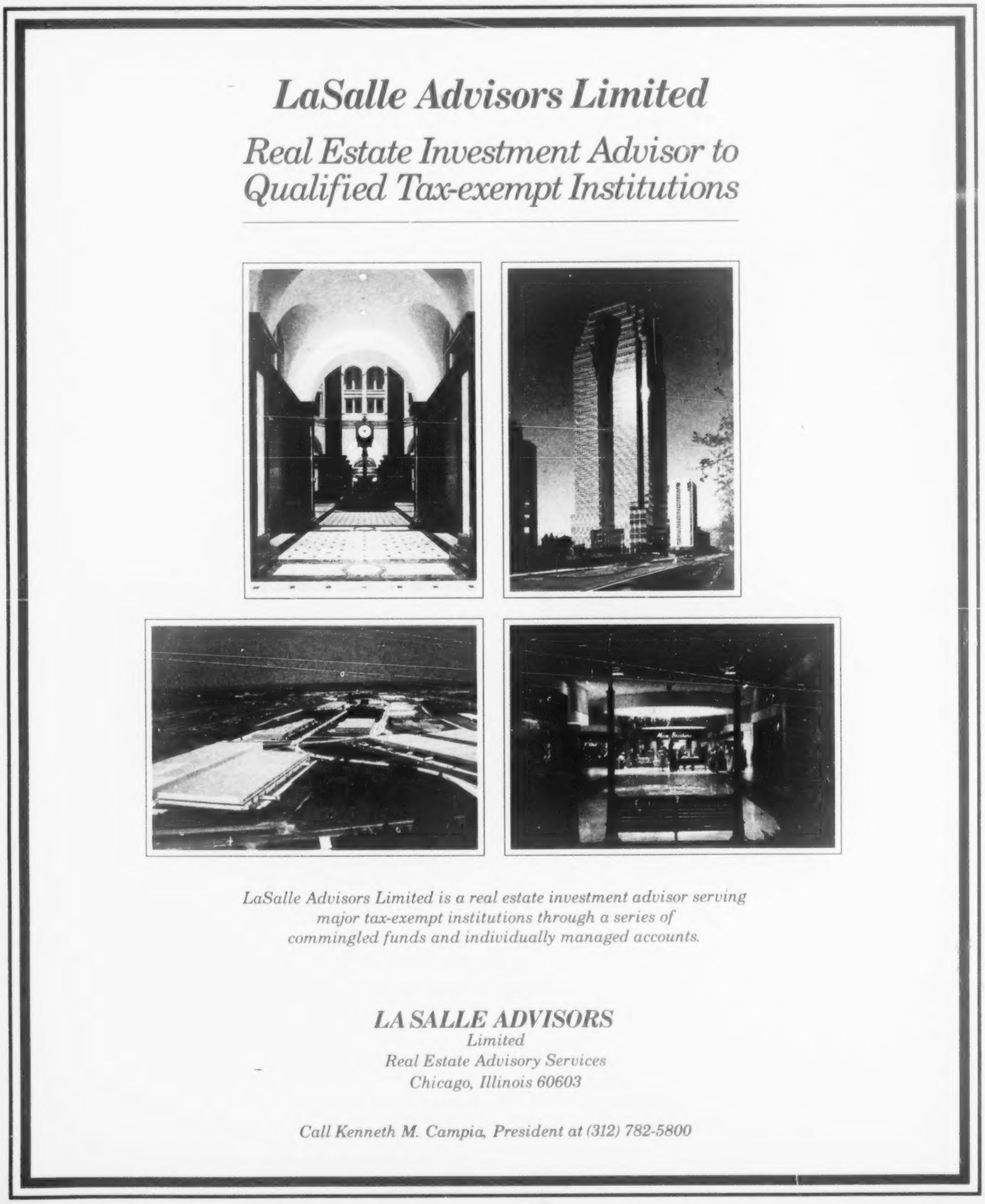

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Chicago, Illinois 60603

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Equitable Capital (S.A. 4)	16.3
First of America (Sm. cap. val. E)	16.3
Princeton Bank	13.4
First Wisconsin Asset (Core gro.)	12.9
Shearson Lehman (Flex. gro. E)	12.9
Penn Mutual Life (S.A. D)	12.7
Norwest Bank (Growth)	12.5
The New England (Cap. growth)	12.2
Merchants Nat'l Bank (2)	11.9
Southeast Bank	11.9
State Street Asset (Matrix syn.)	11.7
Lincoln Nat'l (Select)	10.8
Wilmington Trust (Growth)	10.7
Penn Mutual Life (S.A. A)	10.7
Mark Twain Trust	10.6
Chancellor Capital (Growth)	10.5
Chancellor Capital (Sel. gro.)	10.5
Investment Trust	10.4
Meridian	10.4
Pacific Financial (Cap. appre.)	9.8
Equitable Capital (S.A. 1)	9.8
U.S. Nat'l Bank of Galveston	9.7
Norwest Bank (Lg. co. gro.)	9.5
State Bank & Trust	9.5
Trusco Capital Mgmt. (Suntrust)	9.4
Capital Trust (I)	9.4
Union Capital (Cap. growth)	9.4
S&P 500	**5.4**

1-year returns

	%
Provident Mutual (Agg.)	72.5
Merus Capital (Sp. growth)	59.7
U.S. Nat'l Oregon/Qualivest	58.5
Second Nat'l (Growth)	58.5
New York Life (Growth)	57.9
Investment Trust	56.3
Chancellor Capital (Growth)	55.4
Equitable Capital (S.A. 4)	54.5
Norwest Bank (Lg. co. gro.)	53.2
Chancellor Capital (Sel. gro.)	52.5
Shearson Lehman (Flex. gro. E)	51.3
Trusco Capital Mgmt. (Suntrust)	51.1
Union Central Life	50.0
Chancellor Capital (Multifactor)	49.9
State Street Asset (Matrix syn.)	49.8
Fifth Third Bank (Mid. cap.)	49.9
Sun Bank (Income)	48.8
Pacific Financial (Cap. appre.)	48.1
Norwest Bank (Growth)	48.0
Pacific Financial (Income)	47.5
Pacific Financial (Divers. low p/e)	46.6
First Wisconsin Asset (Core gro.)	46.4
Travelers (Sm. cap. index F)	46.3
Bankers Trust (Russell 2000)	46.3
U.S. Nat'l Bank of Galveston	45.8
First of America (Sm. cap. val. E)	45.6
Wellington Trust (Struc. sm.)	45.2
Union Nat'l/Arkansas (Low p/e)	45.1
The New England (Cap. gro.)	44.8
S&P 500	**31.2**

5-year returns

	%
Chancellor Capital (Sel. gro.)	23.0
IDS Trust (Core growth)	21.3
Shearson Lehman (Flex. gro. E.)	21.3
Chancellor Capital (Growth)	20.4
Lincoln Nat'l (Select)	20.1
State Street Asset (Matrix syn.)	19.4
The Phoenix (Growth)	19.4
Pacific Financial (Income)	19.0
Sun Bank	18.9
Equitable Capital (S.A. 4)	18.4
Meridian	17.9
John Hancock Mutual (Divers.)	17.9
Pacific Financial (Cap. appre.)	17.8
First Nat'l Bank of Amarillo	17.7
Trusco Capital Mgmt. (Suntrust)	17.7
First Illinois Bank (Corp.)	17.5
Second Nat'l Bank (Growth)	17.4
Summit Trust (F)	17.4
U.S. Nat'l Oregon/Qualivest	17.3
NCNB (Growth)	17.3
U.S. Nat'l Bank of Galveston	17.2
Chancellor Capital (Index plus)	17.1
Capital Trust (I)	17.1
Aetna Capital (S.A. 2)	17.0
First Illinois Bank (Personal F)	17.0
Mark Twain Trust	17.0
First Wisconsin Asset (Core gro.)	16.6
S&P 500	**14.7**

10-year returns

	%
Sun Bank	25.3
Pacific Financial (Cap. appre.)	23.2
The New England (Cap. gro.)	20.5
First Nat'l Bank of Amarillo	20.4
Manufacturers Nat'l Bank Detroit	20.3
U.S. Nat'l Bank of Galveston	20.0
Chancellor Capital (Growth)	19.8
Provident Mutual (Value S.A. 1)	19.7
Connecticut Mutual Life	19.4
First NH Invst. (First value)	19.3
Merus Capital (Income)	19.3
U.S. Nat'l Oregon/Qualivest	19.1
Markston Invst. (Long term gro.)	19.1
Nationwide Life	19.1
Pacific Financial (Divers. low p/e)	19.0
John Hancock Mutual (Divers.)	19.0
Manufacturers Affiliated (Growth)	19.0
Merus Capital (Inc. & gro. E)	19.0
Wesbanco Bank Wheeling (B)	18.9
S&P 500	**17.5**

Top decile PIPER commingled special equity funds

3-month returns

	%
Chancellor Capital (Health)	21.8
Trust Co./West (Sm. cap. gro.)	21.5
Norwest Bank (Sm. co. gro.)	20.6
Princeton Bank (Value emerg.)	19.9
Meridian (Quest)	19.8

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Equitable Capital (Growth)	19.7
Bankers Trust (Cap. appre.)	17.5
Russell 2000	**8.2**
S&P 500	**5.4**

1-year

	%
Chancellor Capital (Health)	112.1
Princeton Bank (Value emerg.)	95.7
Equitable Capital (Growth)	89.0
Norwest Bank (Sm. co. gro.)	79.1
Meridian (Quest)	78.6
Manufacturers Detroit (Sm. cap.)	77.7
First Wisconsin Asset (Sm. cap.)	76.9
Russell 2000	**45.1**
S&P 500	**31.2**

5-year returns

	%
Chancellor Capital (Health)	23.9
Norwest Bank (Sm. co. gro.)	22.1
Meridian (Quest)	21.6
Equitable Capital (Growth)	21.5
Putnam Cos. (Growth)	20.2
Connecticut Nat'l Bank	20.0
S&P 500	**14.7**
Russell 2000	**8.2**

10-year returns

	%
Norwest Bank (Sm. co. gro.)	21.5
Connecticut Nat'l Bank	21.0
First Wisconsin (Sm. cap. gro.)	20.3
S&P 500	**17.5**
Russell 2000	**12.9**

Top half PIPER commingled international funds

3-month returns

	%
Global Fixed Income (Bond)	12.0
Ameritrust Texas (Bond)	11.2
CL Capital (Eq.)	10.9
Travelers Corp. (Bond index F)	10.5
Global Fixed Income (Glo. bond)	9.7
IAA Trust	9.5
J.P. Morgan Invst. (Eq.)	9.3
Associated Bank (P/PS Worldwide)	9.3
Trust Co. of the West (Global)	9.2
Wells Fargo Nikko (EAFE)	8.9
UBS Asset (CMB EAFE)	8.9
Bankers Trust (EAFE)	8.8
Travelers Corp. (Index)	8.8
FTA Europe & Pacific	**8.8**
State Street Asset (Index)	8.7
MSCI EAFE	**8.7**
The Principal (Eq.)	8.5
Harris Trust (Eq.)	8.4
Provident Capital (Low p/e)	8.2
Connecticut Mutual (Overseas)	8.1
Aetna Capital (Eq. S.A. 137)	7.9
Citibank Invst. (Eq.)	7.6
United States Trust Co. N.Y. (Eq.)	7.5
FTA World	**7.5**
MSCI World	**7.2**

1-year returns

	%
Trust Co. of the West (Global)	31.6
CL Capital (Eq.)	29.7
FTA World	**26.7**
MSCI World	**25.3**
Connecticut Mutual (Overseas)	24.7
CIGNA Int'l Invst. (Act. mgd.)	24.4
Wellington Mgmt. (Pacific Basin)	23.5
FTA Europe & Pacific	**23.4**
Travelers Corp. (Index)	22.8
UBS Asset (CMB EAFE)	22.7
Wells Fargo Nikko (EAFE)	22.6
Bankers Trust (EAFE)	22.5
MSCI EAFE	**22.3**
Provident Capital (Low p/e)	22.1
State Street Asset (Index)	22.1
The Principal (Eq.)	21.8
Boatmen's Trust (Eq.)	21.5
J.P. Morgan Invst. (Eq.)	21.4
Harris Trust (Eq.)	20.2
United States Trust Co. N.Y. (Eq.)	20.1
Citibank Invst. (Eq.)	18.9
Putnam Cos. (Eq.)	18.5
NCNB (Eq.)	17.7
Aetna Capital (Eq. S.A. 137.)	17.2
Wellington Mgmt. (Eq.)	17.2

5-year returns

	%
CL Capital (Eq.)	17.3
United States Trust Co. N.Y. (Eq.)	17.2
CIGNA Int'l Invst. (Act. mgd.)	16.0
Global Fixed Income (Glo. bond)	15.8
Provident Capital (Low p/e)	15.7
J.P. Morgan Invst. (Bond)	12.7
Global Fixed Income (Bond)	12.2
Wellington Mgmt. (Pacific Basin)	12.1
Putnam Cos. (Eq.)	12.1
Citibank Invst. (Bond)	11.7
Bankers Trust (Eq.)	11.6
FTA World	**11.3**
NCNB (Eq.)	11.2
MSCI World	**11.0**
Wellington Mgmt. (Emerg.)	10.5
FTA Europe & Pacific	**9.7**
MSCI EAFE	**9.4**

10-year returns

	%
Putnam Cos. (Eq.)	19.6
MSCI EAFE	**19.6**
State Street Asset (Index)	19.5
FTA Europe & Pacific	**19.4**
Bankers Trust (Eq.)	19.2
IDS Trust	19.0
MSCI World	**17.8**

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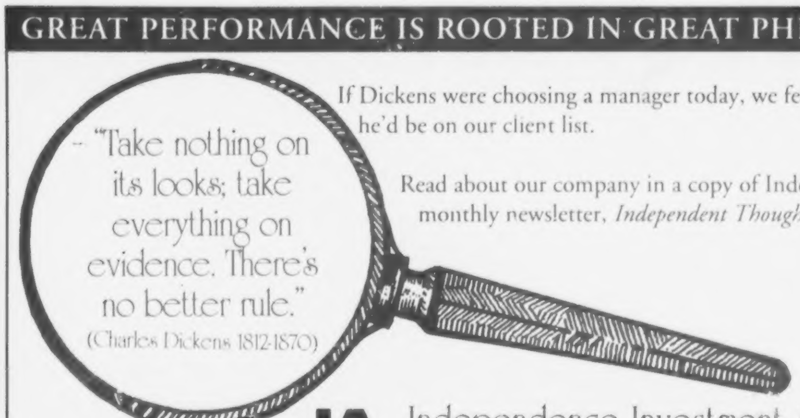

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Wells Fargo Nikko (EAFE)	17.6
Boatmen's Trust	17.6
FTA World	**16.3**

Top decile PIPER + fixed-income funds

3-month returns

	%
Lara Luchsinger & Dietze (Trea.)	12.0
Qualivest Capital	10.0
Income Res. (Long dur.)	9.7
Hoisington Invst.	8.8
Equitable Capital (5)	8.7
Peters, Gamm, West & Vincent	8.7
Leshner Financial (Mst./treas.)	8.5
Bridgewater Asset (Act. dur.)	8.2
Criterion Invst. (Long)	8.2
Brandywine Asset (Opt. act.)	8.1
Weiss, Peck & Greer (Short dur.)	8.1
Denver Invst. (Long)	8.1
Bradford & Marzec (Long dur.)	8.0
STW Fixed Income (Long)	7.9
Seaboard Invst.	7.6
Bell Capital (Mgd.)	7.5
Investment Advisers (Act. dur.)	7.4
Security Capital (Enhanc. long)	7.4
Investment Advisers (20 ltd. dur.)	7.3
Trevor Stewart Burton & Jacobsen	7.3
McKee Invst.	7.2
Criterion Invst.	7.1
Smith Affiliated	7.1
Houlihan Lokey Howard (Q. I)	7.1
Brinson Partners (U.S.)	6.9
Dewey Square (Act.)	6.9
SLB G/C	**5.8**

1-year returns

	%
Bell Capital (Mgd.)	34.8
Lara Luchsinger & Dietze (Treas.)	31.4
Loomis, Sayles	25.5
Income Res. (Long dur.)	25.3
Scheetz, Smith & Co.	23.4
Peters Gamm West & Vincent	22.9
STW Fixed Income (Long)	22.0
Criterion Invst. (Long)	21.9
Bradford & Marzec (Long dur.)	21.4
Denver Invst. (Long)	21.2
Equitable Capital (5)	21.1
Kemper Asset (Plus)	20.8
Houlihan Lokey Howard (Q. I)	20.4
Jamison Eaton & Wood (Act. dur.)	20.3
McKee Invst.	20.2
Seaboard Invst.	19.9
Durkee Capital (Act. quant.)	19.9
Investment Advisers (Act. dur.)	19.7
Bradford & Marzec	19.7
Bridgewater Asset (Act. dur.)	19.6
Leshner Financial (Mst./treas.)	19.4
Bartlett & Co. (Act. value)	19.4
Equitycapital (En. long)	19.2
Investment Advisors	19.0
Loomis, Sayles (Invst. grade)	19.0
Qualivest Capital	19.0
SLB G/C	**15.9**

5-year returns

	%
Seaboard Invst.	16.5
Bell Capital (Mgd.)	14.1
Fox Asset	12.8
Hoisington Invst.	11.8
Bartlett & Co. (Act. value)	11.5
First Pacific (Interm.)	11.4
U.S. Trust of California	11.3
Meridian Invst.	11.1
McKee Invst.	11.1
Durkee Capital (Act. quant.)	11.1
Jamison Eaton & Wood (Act. dur.)	11.0
Washington Square	10.9
Tom Johnson Invst.	10.9
Philadelphia Invst.	10.8
Ferguson & Wellman (Int. rate)	10.7
Analytic Invst. (Plus)	10.7
Jamison Eaton & Wood	10.7
Pacific Invst. (Total return)	10.7
STW Fixed Income (Long)	10.6
Bridgewater Asset (Act. dur.)	10.5
SLB G/C	**9.1**

10-year returns

	%
Bridgewater Asset (Act. dur.)	20.1
STW Fixed Income (Long)	18.0
Patterson Capital (Interm.)	17.1
Smith Affiliated	17.1
Meridian Invst.	16.7
Denver Invst. (Long)	16.7
Standish, Ayer & Wood (Act.)	16.5
Loomis, Sayles	16.2
Kemper Asset (Plus)	16.1
Pacific Invst. (Total return)	16.1
Ferguson & Wellman (Int. rate)	16.0
Lincoln Capital	16.0
Western Asset (Act.)	15.8
Loomis, Sayles (Invst. grade)	15.8
SLB G/C	**14.2**

Top decile PIPER + equity funds

3-month returns

	%
Duncan-Hurst (Sm. cap. gro.)	24.7
Mt. Auburn Mgmt.	23.0
Mackay-Shields (Gro.)	21.9
Insight Capital (Sm. cap.)	21.7
Trust Co./West (Sm. cap. gro.)	21.5
Pacific Century (Sm. cap. gro.)	21.5
Peregrine Capital (Sm. cap.)	20.8
Beekman Capital (Growth)	20.8
Cheswick Invst.	20.7
Chancellor (Sm. cap. gro.)	19.9
Equitable Capital (Sp. gro. UP3)	19.7
Provident Invst. (Stellar)	19.0

Wall Street Assoc.(Sm. cap. gro.)	18.6
Lehman Ark (Sp. sit.)	17.3
Nicholas-Applegate (Em. gro.)	17.0
Investment Advisers (Sm. cap.)	16.9
Jundt Assoc. (Em. gro.)	16.9
Geo Capital (Sm. cap.)	16.7
Equitable Capital (Gro. 4)	16.3
First of America Invst. (Sm. cap.)	16.3
Target Invst. (Sm. cap./agg. gro.)	16.3
Jundt Assoc. (Core gro.)	16.2
Investors Res. (20th Cent. Gro.)	15.4
John McStay Invst. (Sm. cap.)	15.3
Capital Growth	15.3
Delta Financial (Gro.)	14.8
Essex Invst. (Gro.)	14.6
Denver Invst. (Medium)	14.6
INVESCO Trust (Defensive)	14.5
Fred Alger Mgmt.	14.5
Scudder Stevens Clark (Sm. co.)	14.4
Ardsley Partners (II)	14.3
INVESCO Trust	14.2
Pilgrim, Baxter, Greig (Sm. cap.)	14.0
Campbell Advisors (Growth)	13.8
Friess Assoc. (Brandywine)	13.6
IDS Advisory (Gro. spec.)	13.5
Ardsley Partners (I)	13.3
Nicholas-Applegate (Growth)	13.3
Provident Invst.	13.3
Turner Invst.	13.3
JMC Capital	13.1
Caldwell & Orkin	13.0
Wilke/Thompson (Sm. cap. gro.)	12.9
Fred Alger Mgmt. (Sm. cap.)	12.7
S&P 500	**5.4**

1-year returns

	%
Chancellor (Sm. cap. gro.)	107.1
Duncan-Hurst (Sm. cap. gro.)	104.4
Mt. Auburn Mgmt.	97.5
Beekman Capital (Gro.)	94.0
Equitable Capital (Sp. gro. UP3)	89.0
Insight Capital (Sm. cap.)	88.8
Target Invst. (Sm. cap./agg. gro.)	86.8
Geo Capital (Sm. cap.)	78.9
Peregrine Capital (Sm. cap.)	77.9
Pacific Century (Sm. cap.)	77.5
Cheswick Invst.	74.7
Granahan Invst. (Explorer II)	73.8
First Pacific Advisors (Capital)	72.9
Standish, Ayer & Wood (Sm. cap.)	72.3
Ardsley Partners (II)	72.0
Scudder Stevens Clark (Sm. co.)	71.6
Wilke/Thompson (Sm cap. gro.)	69.7
Jundt Assoc. (Em. gro.)	68.9
Investment Advisers (Sm. cap.)	68.3
Provident Invst. (Stellar)	67.9
Nicholas-Applegate (Em. gro.)	66.6
Capital Growth Mgmt.	66.6
Ardsley Partners (I)	65.4
Denver Invst. (Medium)	65.0
Mackay-Shields (Growth)	63.9
McCowan Assoc. (Special)	62.1
Value Line (Sm. cap.)	62.0
Qualivest Capital (Agg.)	60.6
Putnam Cos. (Sm. cap.)	60.2
Wilshire Asset (Sm. co. gro.)	59.8
Brown Capital (Rel. value)	59.8
Fred Alger Mgmt.	59.6
Provident Invst.	59.6
Hellman, Jordan Mgmt.	59.3
T. Rowe Price (Em. gro.)	59.2
Eagle Asset (Sm. cap.)	58.9
Brandywine (Low p/e-sm. cap.)	58.6
Cadence Capital (Sm. cap.)	58.5
Fred Alger Mgmt. (Sm. cap.)	58.2
IDS Advisory (Gro. spec.)	58.2
Moran Asset Mgmt.	58.1
John McStay Invst. (Sm. cap.)	57.9
Dreman Value (Sm. cap./low p/e)	57.8
Wilke/Thompson (Growth)	57.4
Putnam Cos. (Spec. gro.)	57.4
S&P 500	**31.2**

5-year returns

	%
Mt. Auburn Mgmt.	31.7
Tiger Mgmt.	30.2
Ashland Mgmt.	29.3
Duncan-Hurst (Sm. cap. gro.)	26.8
Jundt Assoc. (Em. gro.)	26.5
Provident Invst. (Stellar)	26.0
Cheswick Invst.	26.0
Cohen, Davis & Marks	25.6
Insight Capital (Sm. cap.)	25.1
Pacific Century (Sm. cap. gro.)	24.6
Chancellor (Sm. cap. gro.)	24.1
Hatteras Capital	23.6
Moran Asset Mgmt.	23.1
Peregrine Capital (Sm. cap.)	22.6
Turner Invst.	22.5
Quantitative Asset (En. index)	22.5
First Pacific (Dallas)	22.5
Beekman Capital (Growth)	22.4
Friess Assoc.	21.8
Investment Advisers (Sm. cap.)	21.7
Cowen Asset (Sm. cap.)	21.4
Fiduciary Mgmt. of Milwaukee	21.3
Jundt Assoc. (Core gro.)	21.0
Hellman, Jordan Mgmt.	20.9
Equitable Capital (Sp. gro. UP3)	20.8
Lehman Ark Mgmt. (Sp. sit.)	20.8
Provident Invst.	20.8
Hutson Mgmt. (Growth)	20.7
J.M. Hartwell	20.5
Dundee Partners	20.4
AIG Global Investors (U.S.)	20.4
Dawson Samberg (Gro. Pequot)	20.3
Capital Growth Mgmt.	20.3
Lincoln Capital	20.2
Hellman, Jordan (Acct. 25)	20.2
R.D. Hill & Assoc.	20.2
Mackay-Shields (Growth)	20.0
Putnam Cos. (Sp. gro.)	19.9
S&P 500	**14.7**

10-year returns

	%
Tiger Mgmt.	38.6
Pacific Century (Sm. cap. gro.)	33.2
Nicholas-Applegate (Em. gro.)	27.4
Ashland Mgmt.	26.9
Quantitative Asset (En. index)	25.1
Severn Assoc.	25.0
C.H. Brown (Computer dir.)	24.8
Capital Growth Mgmt.	24.4
Cadence Capital (Lg. cap.)	23.3
Balch Hardy & Scheinman	23.2
Roger Engemann & Assoc.	23.1
Lehman Ark Mgmt. (Spec. sit.)	23.1
Roxbury Capital	23.1
Caldwell & Orkin	22.9
Investment Advisers (Sm. cap.)	22.9
Investment Counselors	22.5
Columbus Circle Invst.	22.5
Neuberger and Berman	22.4
Tom Johnson Invst.	22.3
Fox Asset Mgmt.	22.0
Peregrine Capital (Sm. cap.)	21.7
Investors Res. (20th Cent. Sel.)	21.7
Hellman, Jordan Mgmt.	21.6
Wilshire Asset (Sm. co. value)	21.6
Fiduciary Mgmt. of Milwaukee	21.6
S&P 500	**17.5**

Top decile PIPER + special equity funds

3-month returns

	%
Amerindo U.S. (Em. gro. tech.)	27.0
Essex Invst. (Em. gro.)	15.3
Nicholas-Applegate (Hedge)	14.3
Weiss, Peck & Greer (Dyn. gro.)	14.1
Nicholas-Applegate (Convert.)	11.4
Equitable Capital (Convert. 34)	11.0
Russell 2000	**8.2**
S&P 500	**5.4**

1-year returns

	%
Amerindo U.S. (Em. gro. tech.)	81.3
Equitable Capital (Convert. 34)	65.3
Brinson Partners (Interm. cap.)	54.2
Brinson Partners (Post venture)	53.4
Essex Invst. (Em. gro.)	52.2
MPT Assoc. (Agg. gro.)	46.7
Russell 2000	**45.1**
S&P 500	**31.2**

5-year returns

	%
Feshbach Brothers (Southgate)	41.5
Guild Invst.	30.9
Nicholas-Applegate (Hedge)	29.0
Amerindo U.S. (Em. gro. tech.)	28.2
NFJ Invst. (Select)	22.2
S&P 500	**14.7**
Russell 2000	**8.2**

10-year returns

	%
Guild Invst.	35.8
Amerindo U.S. (Em. gro. tech.)	28.2
Cramer Rosenthal McGlynn	20.6
S&P 500	**17.5**
Russell 2000	**12.9**

Profiles of the 200 largest pension funds will appear in the Jan. 20 issue of *Pensions & Investments*.

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IN ITS CLASS?

Top half PIPER + global equity funds

3-month returns

	%
Van Eck Assoc. (Non-prec. met.)	14.5
Edinburgh Wilmington	10.8
WorldInvest	10.0
Marvin & Palmer Assoc.	9.7
Freedom Capital	9.3
Warburg Invst. (SL3)	9.3
Trust Co. of the West	9.2
PanAgora Asset (Tact. country)	8.7
Van Eck Assoc. (World trends)	8.6
Martin Currie (A)	7.8
Capital Guardian (New Pers. F)	7.8
Henderson Admin.	7.6
GIM Global Advisors	7.6
First Interstate Bank of California	7.5
FTA World	**7.5**
Stewart, Ivory (RCB/Stewart)	7.3
J.P. Morgan Invst.	7.3
Lombard Odier Int'l	7.2
Templeton Invst.	7.2
MSCI World	**7.2**
AIG Global Investors	7.1
Batterymarch Financial	6.6
G.T. Capital	6.5

1-year returns

	%
Guild Invst.	36.9
Marvin Palmer Assoc.	36.4
Trust Co./West (TCW Global)	31.1
Van Eck Assoc. (Non-prec. met.)	30.4
Stewart, Ivory (RCB/Stewart)	30.3
Martin Currie (A)	29.7
Thompson Co. (Alpha N A)	28.0
Brinson Partners	27.8
FTA World	**26.7**
AIG Global Investors	25.9
WorldInvest	25.7
MSCI World	**25.3**
Capital Guardian (New Pers. F)	23.9
Putnam Cos.	23.8
J.P. Morgan Invst.	23.8
Ivory & Sime Int'l (3)	23.7
PanAgora Asset (Tact. country)	22.9
Clemente Capital (CL Global)	22.6
Batterymarch Financial	22.4
Scudder Stevens & Clark	22.3
G.T. Capital	22.2
Edinburgh Wilmington	22.1

5-year returns

	%
Thompson Co. (Alpha N A)	27.4
Martin Currie (A)	18.0
Burgess Capital	17.0
Brinson Partners	16.0
AIG Global Investors	15.7
Ivory & Sime Int'l (3)	14.6
Stewart, Ivory (RCB/Stewart)	14.6
Capital Guardian (New Pers. F)	14.1
Mercator Asset	14.1
Scudder Stevens & Clark	13.2
Fiduciary Trust	13.1
Guild Invst.	12.9
Batterymarch Financial	12.8
J.P. Morgan Invst.	12.3
Templeton Invst.	12.1
Putnam Cos.	11.7
FTA World	**11.3**
MSCI World	**11.0**

10-year returns

	%
Burgess Capital	22.6
WorldInvest	21.7
Putnam Cos.	19.9
Templeton Invst.	19.6
Brinson Partners	19.6
J.P. Morgan Invst.	18.2
MSCI World	**17.8**
FTA World	**16.3**

Top half PIPER + international equity funds

3-month returns

	%
Ladas & Hulings (Value)	16.8
Lazard Freres Asset	11.6
WorldInvest (IPEF)	11.0
Fidelity Mgmt.	10.9
Grantham Mayo v. Otterloo (Act.)	10.6
Freedom Capital	10.6
Grantham Mayo v. Otterloo (Core)	10.3
Cseh Int'l (Low p/e)	10.2
Axe Core Investors (ADR)	10.2
Waddell & Reed (Growth)	9.8
Capital Guardian	9.7
Henderson Admin. (EAFE)	9.5
Pictet Int'l (Pos. val. uncon.)	9.4
J.P. Morgan Invst.	9.3
Morgan Stanley Asset	9.2
Hill Samuel Invst.	9.1
Warburg Invst. (A/C 17)	9.0
Prudential Divers. Invst.	9.0
Wells Fargo Invst.	8.9
Bankers Trust Invst. (EAFE)	8.8
FTA Europe & Pacific	**8.8**
Arnhold & S. Bleichroeder (Bot. up)	8.7
MSCI EAFE	**8.7**
J.P. Morgan Invst.	8.6
Boston Int'l (Prime)	8.5
Wright Investor's	8.5
The Principal	8.5
Rowe Price Fleming	8.4
Harris Invst.	8.4
Parametric Portfolio	8.4
Rowe Price Fleming (TRP)	8.3
Clay Finlay (EAFE)	8.3
GIM Global Advisors	8.2
Provident Capital (Low p/e)	8.2
Templeton Invst.	8.2
Batterymarch Financial	8.1
Brinson Partners	8.0
Pictet Int'l (Pos. val. con.)	8.0
Travelers Cos. (Sm. cap.)	7.9
Boston Int'l (GDP wtd. EAFE)	7.9
Boston Int'l (Prime value)	7.8
Martin Currie (European)	7.8
Citibank Invst.	7.6
AIG Global Investors (EAFE)	7.6
Marvin & Palmer Assoc.	7.5
Scudder Stevens & Clark (E)	7.4
Gulfstream Global	7.4
Boston Int'l (GDP based Prime V)	7.4
CIGNA Int'l	7.4
Baring Int'l (Act./passive)	7.4

1-year returns

	%
Ladas & Hulings (Value)	49.9
Murray Johnstone	33.0
Martin Currie (B)	26.8
Crown Financial	26.7
Vontobel USA (Europacific)	25.9
WorldInvest (IPEF)	25.5
Axe Core Invst. (ADR)	24.5
Kleinwort Benson Int'l	24.5
CIGNA Int'l	24.4
AIG Global Investors (EAFE)	23.8
FTA Europe & Pacific	**23.4**
Cseh Int'l (Low p/e)	23.3
Brinson Partners	23.1
Pictet Int'l (Pos. val. uncon.)	22.9
Wells Fargo Invst.	22.7
Capital Guardian	22.6
Baring Int'l (Act./passive)	22.5
Bankers Trust Invst. (EAFE)	22.4
Rowe Price Fleming	22.3
MSCI EAFE	**22.3**
Rowe Price Fleming (TRP)	22.2
Provident Capital (Low p/e)	22.1
Gulfstream Global	21.9
The Principal	21.8
Nikko Capital (EAFE active)	21.7
Prudential Divers. Invst.	21.7
G.T. Capital (EAFE)	21.6
Acadian Financial (Country sel.)	21.6
J.P. Morgan Invst.	21.4
Grantham Mayo v. Otterloo (Core)	20.9
Baillie Gifford (NCNB Texas)	20.8
Parametric Portfolio	20.8
Boston Int'l (Prime)	20.5
Baring Int'l (1 EAFE)	20.4
J.P. Morgan Invst.	20.4
Wright Investor's	20.2
Harris Invst.	20.1
Grantham Mayo v. Otterloo (Act.)	19.9
Putnam Cos.	19.9
Pictet Int'l (Pos. val. con.)	19.7
Marvin & Palmer Assoc.	19.6
Acadian Financial Res. (Risk con.)	19.3
Edinburgh Wilmington Int'l	19.1
Waddell & Reed Asset (Growth)	19.1
Citibank Invst.	18.9
Pictet Int'l (Avg. risk V)	18.8
Dillon, Read Int'l (EAFE)	18.2
Lazard Freres Asset	18.0
Scudder Stevens & Clark (E)	17.7
Wellington Trust	17.6

5-year returns

	%
Ladas & Hulings (Value)	22.4
Ivory & Sime Int'l (3)	20.1
Lazard Freres Asset	19.0
Morgan Stanley Asset	18.8

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*The Aggressive Stock Division is one of five investment options available through EQUI-VEST®, a deferred variable annuity. All rankings and data are for periods ended 9/30/91. According to Lipper Analytical Services Inc., the EQUI-VEST Aggressive Stock Division ranked #1 out of nine Small Company Growth variable annuity funds for the period indicated. For the one year, three year and five year periods, it ranked #1 out of 261, 206 and 95 variable annuity equity funds, respectively. The equity funds category is a broad category which includes funds with many different types of investment objectives and policies. These differences may affect relative performance and risk. According to Lipper, all funds are ranked on total return figures which are net of separate account-related fees; the Lipper survey is based on performance data which do not include the effect of sales charges. Total returns are historical and include change in unit value and reinvestment of investment income. Returns and principal will vary, and units may be worth more or less than their original value when redeemed. **The Aggressive Stock Division commenced operations on May 1, 1984. Average annual returns reflect all separate account charges, as well as the effect of the annual administrative charge and a maximum contingent deferred sales charge of 6%.

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Templeton Invst.	18.7
Boston Overseas (EAFE)	17.5
State Street Asset (Country sel.)	17.2
Edinburgh Wilmington Int'l	17.2
CIGNA Int'l	16.0
Cseh Int'l (Low p/e)	15.9
Provident Capital (Low p/e)	15.7
Batterymarch Financial	15.7
PCM Int'l	15.6
Grantham Mayo v. Otterloo (Core)	15.4
Hill Samuel/Invst. Adv.	15.0
Mercator Asset	14.5
RCB Int'l	14.3
Murray Johnstone Int'l	14.3
Intervest	14.2
Grantham Mayo v. Otterloo (Act.)	14.1
Rowe Price Fleming (TRP)	14.0
Brinson Partners	14.0
J.P. Morgan Invst.	13.4
Clay Finlay (EAFE)	13.3
Scudder Stevens & Clark (E)	13.3
AIG Global Investors (EAFE)	13.2
Capital Guardian	13.1
Kleinwort Benson Int'l	13.0
Rowe Price Fleming	12.9
Baillie Gifford (NCNB Texas)	12.8
G.T. Capital (EAFE)	12.8
Acadian Financial (Risk con.)	12.6
Touche Remnant Invst.	12.6
Putnam Cos.	12.5
FTA Europe & Pacific	**9.7**
MSCI EAFE	**9.4**

10-year returns

	%
Templeton Invst.	23.4
Grantham Mayo v. Otterloo (Act.)	23.2
Putnam Cos.	20.4
WorldInvest (IPEF)	20.1
Brinson Partners	19.9
Rowe Price Fleming (TRP)	19.8
Capital Guardian	19.8
Schroder Capital	19.6
MSCI EAFE	**19.6**
Baring Int'l (1 EAFE)	19.5
G.T. Capital (EAFE)	19.4
Bankers Trust Invst.	19.4
FTA Europe & Pacific	**19.4**

Top decile PIPER + balanced/TAA funds

3-month returns

	%
Essex Invst.	13.4
Caldwell & Orkin	12.8
Cheswick Invst.	12.5
Equitable Capital (Strategic)	12.3
Provident Invst.	12.1
Rittmann Capital	11.0
Turner Invst.	10.7
Fred Alger Mgmt.	10.5
Northern Capital (Asset alloc.)	10.3
Forstmann-Leff Assoc.	10.0
Denver Invst.	10.0
R.D. Hill & Assoc.	9.2
Brown Capital (Rel. value)	9.1
Strong/Corneliuson Capital	9.0
Potomac Asset	9.0
J&W Seligman	8.7
Harris Bretall Sullivan Smith (Gro.)	8.7
Stephenson & Co. (Value)	8.7
Baring America Asset	8.6
Galleon Capital	8.4
Roxbury Capital	8.4

1-year returns

	%
Quaker Capital	60.8
Chancellor (Stockshift 200)	57.3
Rittmann Capital	49.9
Essex Invst.	44.8
Chancellor (Stockshift 150)	44.3
Provident Invst.	43.8
Cheswick Invst.	43.2
Turner Invst. (Core)	40.1
Denver Invst.	39.3
Fred Alger Mgmt.	38.3
Caldwell & Orkin	38.2
Harris Bretall Sullivan Smith (Gro.)	38.0
Brown Capital (Rel. value)	38.0
Stephenson & Co. (Value)	37.6
Fayez Sarofim	35.7
Investment Counselors	33.9
McCowan Assoc.	33.4
J&W Seligman	32.9
Equitable Capital (Strategic)	32.8
Ashfield & Co.	32.8
Mellon Equity Assoc. (Quant)	32.3

5-year returns

	%
Chancellor (Stockshift 200)	23.2
Turner Invst.	18.8
Quaker Capital	18.6
Essex Invst.	18.6
Chancellor (Stockshift 150)	18.4
Provident Invst.	18.1
Seaboard Invst.	18.1
Oxford Capital	17.9
Investment Counselors	17.5
Mitchell Hutchins (Asset alloc.)	17.4
Fayez Sarofim	17.1
Cheswick Invst.	17.0
Bankers Trust (Act. TAA)	16.9
Quantilogic Asset (TAA)	16.9
Caldwell & Orkin	16.3
R.D. Hill & Assoc.	16.2
Lincoln Capital	16.0
Mellon Equity Assoc. (Quant.)	15.6
Avatar Assoc. (3-way TAA)	15.3

10-year returns

	%
Caldwell & Orkin	20.5
Davenport & Co. of Va.	20.0

Continued on page 30

Some Plain Talk About Defined Contribution Plans

CANDOR

Candor is the cornerstone of effective communications. The straightforward, clear and honest exchange of information builds trust and confidence. Your 401(k) plan participation level will increase and plan diversification will broaden as employees gain greater understanding of their investment options. That, in turn, will help to assure them of a more comfortable retirement in future years.

PLAIN TALK Plan participants appreciate the convenience of direct, toll-free access to friendly, knowledgeable people to whom they can talk when the need arises. Participants want straight answers to their questions about risk and return which they can understand and trust. Technology should augment the effectiveness of telephone representatives–not replace them.

PLAIN SPEAKING There is no better way to promote understanding than direct, face-to-face meetings where specially trained professionals can explain in detail the risks that accompany the potential rewards of investment decisions. Meetings should help participants make long-term investment decisions, while explaining the benefits of participation.

PLAIN ENGLISH Hardest to achieve–but none-the-less necessary–is the provision of written materials containing essential information on plan features and investment risk, return, and cost–presented quietly, candidly and without hyperbole. Equally important is the need to design statements and enrollment kits for participant understanding first and system efficiency second.

Vanguard can help you deliver an effective communication program from literature to video to participant statements to meetings so that employees can make intelligent, informed decisions. We believe that when you focus on the fundamental issues–like candid communications–you will choose Vanguard for your 401(k) program.

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2 reports take PBGC accounting to task

By Joel Chernoff

WASHINGTON — In January 1986, the Pension Benefit Guaranty Corp. stopped using its general ledger accounting systems while shopping for a new integrated financial management system.

For the next four years and three months, PBGC accountants labored with a manual, ad hoc system to track the agency's accounting transactions until a new system was adopted.

During this period, inconsistencies arose — including a discovery in 1989 by the PBGC that it had not accounted correctly for more than $150 million in trust fund assets. The PBGC adjusted its fiscal 1989 books to recognize a gain, but it took another year to rework its trust accounting.

This was just one of a number of serious flaws in PBGC internal financial controls discussed in two recent congressional reports — concerns that reflect on the agency's ability to meet its long-term obligation to pay benefits and to determine whether the premiums paid to the agency by employers are adequate, according to the General Accounting Office. The agency has a $2 billion-plus deficit that threatens to grow to more than $11 billion by 2000, according to agency estimates.

The PBGC's "long-standing weaknesses, its accumulated deficit and its possible future losses for underfunded ongoing pension plans led us and the Office of Management and Budget to include the corporation on our respective lists of 'high risk' agencies and programs," the GAO report said. The House Ways and Means Oversight Subcommittee, whose report was based on the GAO findings, agreed "an inoperative general ledger system and the absence of accounting procedures placed PBGC's assets at risk, jeopardized the credibility of its financial statements, and impaired management of the pension guarantee program."

The PBGC already has taken a number of steps to correct the problems, and hopes to have its financial statements in a position to be audited — for the first time in the agency's 17-year history — by the end of 1992.

The GAO is "encouraged by management's response to the weaknesses identified during our audit as well as the financial management reforms under way. However, the ultimate success of these reforms will depend on management's commitment to correcting these weaknesses."

James B. Lockhart III, the agency's executive director, admits the GAO has "a right to be a little cynical after 17 years." But with the hiring recently of the agency's first chief financial officer and other structural reforms being put in place, Mr. Lockhart hopes the agency will get the internal auditing problems behind it shortly.

Other key findings include:

- For more than two years, the PBGC could not keep track of unpaid premiums, interest and penalties because its computer system was not modified in time for the implementation of the variable-rate premium in 1988. In fact, the computer crashed for nearly two years, the reports said.

Premium data were warehoused from August 1988 through at least September 1990, according to the reports. Citing the agency's inspector general, the Ways and Means report said most unpaid variable-rate premiums for 1988 would have to be written off because the six-year statute of limitations will have expired by the time the PBGC has its new computer system up and running. The new system, earlier expected to be put in place in 1984, now is projected to be operative next year.

- Weaknesses in controls made it impossible for the GAO to evaluate the agency's reported $4.8 billion estimate of its liability for future benefit payments. Lack of documentation and missing participant data contributed to the problems.
- Premium payments sent to the agency's Washington headquarters instead of its lockbox in Georgia were not accounted for properly. What's more, the inspector general found seven uncashed checks from 1988 sitting in the agency two years later.

The Ways and Means panel recommended the GAO: conduct a study of the PBGC's premium-processing system; annually match information sent to the PBGC and the Internal Revenue Service; and monitor the PBGC efforts to correct its problems. ■

Continued from page 28

Provident Invst.	19.9
J.P. Morgan Invst. (TAA)	19.9
Investment Counselors	19.6
Mellon Capital (3-way TAA)	19.5
Chancellor (Assetshift 65)	19.4
Tom Johnson Invst.	19.3
Columbus Circle	19.3
Wells Fargo Invst. (3-way TAA)	19.2
Dean Invst.	19.1
Penteq (Stocks/cash)	18.6
Lincoln Capital	18.4

PIPER

Continued from page 17

in **U.S. Surgical Inc.**, whose value had more than doubled. **Telefono de Mexico**, a large-cap stock and a major international offering listed on the New York Stock Exchange four months ago, also is part of the Mt. Auburn portfolio.

The insurance company and bank commingled equity funds comprising the PIPER universe showed a median return of 5.6% for the quarter and 31.3% for the year. Those returns are just more than the S&P 500 return of 5.4% for the quarter and 31.2% for the year.

The median investment counselor in the PIPER+ equity universe returned 6.7% for the quarter; the median was 35% for the year.

Fixed-income returns for PIPER and PIPER+ managers mirrored the Shearson Lehman Brothers Government/Corporate Bond Index.

The Shearson index return for the quarter was 5.8% and for the year, 15.9%.

The median PIPER commingled fixed-income accounts returned 5.5% for the quarter and 15% for the year.

The median investment counselor in PIPER+ returned 5.7% for the quarter and 15.8% for the year.

The PIPER and PIPER+ reports are compiled by Rogers Casey & Associates, Darien, Conn. ■

PIPER+ global funds

Periods ended Sept. 30

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	14.5	36.9	22.6	27.4	22.6
First quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Median	6.5	22.0	11.1	11.6	18.2
Third quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lowest return	-0.9	2.7	2.3	5.9	11.0
MSCI World	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTA World	7.5	26.7	7.5	11.3	16.3

PIPER+ international funds

Periods ended Sept. 30

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	16.8	49.9	23.7	22.4	23.3
First quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Median	7.4	17.6	9.6	12.5	19.4
Third quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lowest return	-1.6	-2.0	1.5	2.6	16.3
MSCI EAFE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTA Europe Pacific	8.8	23.4	2.7	9.7	19.4

PIPER+ balanced/TAA funds

Periods ended Sept. 30

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	13.4	60.8	28.3	23.2	20.5
First quartile	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Median	5.8	24.1	13.6	12.4	16.0
Third quartile	[illegible]	21.5	[illegible]	[illegible]	[illegible]
Lowest return	-1.3	6.6	7.6	6.1	12.3

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Bonds

Continued from page 2

"Any money manager with some bond capability is asleep at the wheel if they are not going after these (GIC) assets," said Kathleen Callahan, vice president at Piper.

Ms. Callahan said Piper has gathered about $100 million in GIC assets during the past 12 months. Piper's GIC alternative portfolio has the price volatility of a two-year Treasury note and returns 150 basis points over a one-year Treasury note, she said.

Mark Hanley, vice president at RNC, said his firm recently launched a fixed-income strategy specifically designed to appeal as an alternative to GICs. RNC has attracted $100 million since July.

The RNC strategy eliminates insurance company default risk, said Mr. Hanley, because the plan sponsor owns the underlying securities in the portfolio. Credit risk is eliminated because RNC purchases only U.S. government and agency securities. The relatively short maturities of the securities (maximum of three years) combined with a large floating-rate security component ensures consistent returns while avoiding portfolio volatility, he said.

Mr. Hanley said the portfolio currently has a yield of 90 basis points over a three-year Treasury note and slightly higher than a five-year high-quality GIC.

Pension executives, meanwhile, are "taking a look at GIC alternatives and asking, 'Should I be at the mercy of the insurance industry,' " said Robert Hunkeler, assistant treasurer at Sandoz.

"I get at least one piece of mail every day from a bond or hybrid GIC manager or a short/intermediate-term manager," he said.

He said Sandoz probably will consider using synthetic GICs before active bonds. "We want to crawl before we walk." GICs comprise $218 million of the total $325 million Sandoz defined contribution plan assets.

"I'd say the approach I like and that we are following here is basically to make your portfolio better. The next stage would be to consider adding short/intermediate-term bonds; we haven't looked at it in great detail yet but absolutely it is a viable GIC alternative," he said.

Adding bonds to a GIC portfolio "means you are trading off a little volatility for a lot of security," he said. "And a lot of employers are seeing it that way."

Halliburton has embarked on a program to reduce its exposure to GICs in its $1.1 billion stable value fund. The fund currently is just under 50% invested in GICs, down from 100% just two years ago. The GICs have been replaced with high-quality, traditional fixed-income instruments (*Pensions & Investments*, Aug. 19).

Michael Stavar, assistant treasurer at BASF, said he already has added a small bond component to the company's $360 million GIC portfolio to enhance overall yields. BASF has total defined contribution assets of about $418 million.

"We are looking at synthetic GICs to improve the overall quality, and it is possible that if we feel interest rates are going nowhere or decline, you may be able to incorporate other fixed-income securities which are marked to market," said Mr. Stavar.

He said the GIC portion of BASF's assets has no more than 10% of its holdings in U.S. Treasury securities with a duration of about two years. The bonds have "paid off" as interest rates have dropped.

Mr. Stavar said before making a major commitment to active bond management in the GIC fund, a major education process would be necessary for plan participants. "I think you will see attempts made to educate people to move away from book value accounting and (into active bonds) to improve portfolio quality and the potential for higher returns."

Edward P. Rennie, vice president at Pacific Investment Management Co., Newport Beach, Calif., and former head of the Bell Atlantic Corp. pension plan, said he believes "money in GICs will decline in favor of non-GIC alternatives, particularly bonds."

PIMCO has two bond approaches it offers as an alternative to GICs; both contain low duration, high-quality securities marked to market.

Mr. Rennie said bond managers are going to provide stiff competition to the handful of GIC managers, and that competition will be good for plan participants.

"Participants will benefit from these non-book value products because of the returns they offer and where they can get quality and stability," he said. ■

Top-quality insurers attracting most business with lower bids

As concerns about insurance company credit quality mount, insurance carriers with higher credit ratings are attracting most of the guaranteed investment placements while offering lower-than-average bid quotes, according to a recent study.

Average rate spreads on typical GIC quotations on July 1 between the highest-rated (AAA) companies and lower-rated, single-A carriers ranged from 33 basis points for a one-year contract to 10 basis points on a four-year contract and eight basis points for a five-year maturity, according to a study by Wyatt Asset Services Inc., Portland, Ore.

Plan sponsors, meanwhile, increasingly are making placements only with the highest rated companies following several insurance company insolvencies and regulatory takeovers.

"Issuers with higher ratings (AAA and AA) offer lower-than-average bids with the expectation that plan sponsors will be willing to sacrifice yield for enhanced credit quality," said the Wyatt study of 49 major GIC issuers.

According to Wyatt, the AAA-rated companies, with few exceptions, have offered lower-than-average rates for the past four years. The amount by which these companies was below the universe average increased from two basis points in 1989 to 13 basis points in 1991, said Wyatt.

Insurance companies and banks that hold low credit ratings historically have offered higher-than-average yields on their contracts, the study said. Such companies must write new GIC business at lower profit margins, "possibly adding to an already weakened financial condition and potentially contributing to a carrier's future instability."

According to Wyatt, the average bid for AAA-rated companies on July 1 for a two-year $5 million compound interest bullet BIC was 6.87% vs. 7.42% for A-rated companies. On a five-year contract the average AAA bid was 8.49% vs. 8.57% for A-rated companies. ■

— *Fred Williams*

Emerging

Continued from page 3

donesia that have shot up to excessive levels in a short period, often have tumbled when bad economic news hits. Indonesia's market is down more than 40% this year following a series of economic hits, reported Peter Wall, senior markets analyst with the Emerging Markets Data Base, a unit of the Washington-based IFC.

Through much of the 1980s, Asian markets often enjoyed high economic growth and laissez faire government policies and typically were stellar performers. Recently, higher interest rates and slower — although continued — economic growth have tarnished that picture.

"In the past year, governments in the region have been trying to clamp down on overheated economies, so we've been seeing more tightening of monetary policy," said Wai Chin, assistant vice president, Scudder, Stevens & Clark, New York.

The effect: economic slowing. In Malaysia, real growth in gross domestic product should slow to about 8.5% this year from about 10% in 1990. Thailand's GDP should fall to about 8% from about 10%, and Indonesia's GDP should drop to about 5.5% from 7.4%, Ms. Chin said.

Meanwhile, Latin America has been shedding hyperinflation, debt crises and government controls and regulations. Chile and Mexico have led the way to economic liberalizations in the region, and experts say other countries, such as Argentina, are on the same path.

In response, stock markets have boomed. According to IFC data, since the end of 1990 Argentina's market has soared 293.5% in U.S. dollar terms, while Mexico's market climbed 79.2% and Chile's jumped 125.9%.

Emerging markets' riskiness, however, remains a problem, with different managers offering different solutions.

Most cite a need for a strong network of contacts and information providers in the local markets to keep up with developments. And because emerging markets aren't closely correlated to other markets or themselves, quite a few emerging market managers also like to diversify their portfolio widely to dampen volatility.

Douglas J. Dooley, vice president, J.P. Morgan Investment Management Inc., New York, says, among other things, his firm, which invests in 16 emerging markets, "considers a market's gain. If it's high relative to others available to us, we sell it. If it's low, we buy it."

Genesis Investment Management Ltd., London, uses a bottom-up stock picking approach and limits investments in any one market to 15% of a portfolio's net assets. As Jonathan Point, a Genesis director, explained, not only do economic data tend to "come late in these markets" but also, because of "structural changes, there are also unequal opportunities among different companies in these markets."

He cited the example of a country that lowers its trade barriers on steel. While the move could expand steel imports and drive up competition — hurting local steel companies — it could benefit steel users, such as the construction industry.

Since its July 1989 inception, the net asset value of the Genesis Emerging Markets Fund has climbed 80%, compared with about a 4% drop in the MSCI World Index, Mr. Point said. ■

Neutral

Continued from page 2

tive position to be almost its own asset class," said Barbara McCann, assistant vice president and client services manager. "So when a portfolio has a short sale, it reflects the negative position and corresponding corporate activity related to them."

"The assets that are held in the portfolio are listed on the same accounting report as the long position," she said.

But that technological innovation does not preclude the greater involvement of the broker/dealer, an issue pension fund investment committees might find insurmountable, Mr. White said.

With short selling, the broker/dealer holds the proceeds from the short sale as collateral against the stock borrowed.

Also, because there is a simultaneous purchase of a stock during a market neutral transaction, the broker also might hold the security as collateral.

But many pension funds have rules against securities leaving or being held at any place other than with the master trustee, according to Mr. White.

"It's already a complex strategy," he said. "And then you say you are running assets out of the trustee. It will be a severe impediment."

The pension funds now using market neutral strategies have circumvented the issue by classifying broker/dealers as subcustodians.

"To facilitate it, we entered into a subcustodial agreement with a broker/dealer and the assets are custodied there," said Mr. Borneman. "They have the computer capability to maintain the records."

While such an arrangement is "different from normal, I wouldn't say it was abnormal," he said.

The length of time it takes to perform the due diligence for a market neutral investment because of the broker/dealer component is another hurdle to clear.

"It takes nine months of work to satisfy yourself that the legal and structural network will work," said Mr. White.

Another potential headache is the possibility for a conflict of interests, since many broker/dealers often perform short selling for their own accounts.

"The knowledge of third parties could aid them in improving their own position," said Mr. White.

Broker/dealers also do not have the strong indemnification that a plan sponsor has with a master trustee.

"What if a broker goes bankrupt?" said one market neutral investor who requested anonymity. "That never arises at a trustee bank because the assets are held in a segregated account, which is not the case at a brokerage firm."

Some brokers, according to Mr. White, have set up trusts so the pension fund assets will be secure.

"But that adds costs to the structure," he said.

"If you add up all the impediments, it means that the growth of market neutral is going to be pretty slow." ■

Trident

Continued from page 4

but didn't end up to benefit from his wrongful conduct is obviously telling. We lost the business. He intended to get it, and he didn't get it," said Mr. Cole.

Mr. Weiner wasn't available for comment. Attorneys with Scott Tepper of Garfield, Tepper, Ashworth & Epstein, Los Angeles, which represented Mr. Weiner, also couldn't be reached for comment.

In court papers filed in response to the lawsuit, Mr. Weiner denied any wrongdoing and denied "that plaintiffs were damaged in any amount whatsoever."

Mr. Weiner also denied there had been any extension of the consulting contract with Trident.

According to the lawsuit, Mr. Weiner obtained the Pacific Inland Bancorp. stock when he sold its predecessor organization, Pacific Inland Management, for $1.46 million in cash and stock in 1982 to Pacific Bancorp.

In the other lawsuit, Mr. Hansen seeks punitive damages from Trident Investments, Pacific Inland Bancorp., and current or former directors of Pacific Inland Bancorp., including Mr. Weiner.

In the lawsuit, Mr. Hansen claims he was given a three-year contract in January 1988 as CEO with a salary of $125,000 a year, a guaranteed yearly bonus of $25,000 for three years, stock options and a car.

Mr. Hansen claims he was arbitrarily terminated before the close of the three years after he complained to Robert Meyer, Pacific Inland board chairman, that Mr. Meyer was diverting assets from Trident to his other business interests to the detriment of Trident.

Mr. Hansen said he sent memos to Mr. Meyer that his use of private planes from Businessman's Air rather than taking commercial flights was resulting in the spending of "large, unjustified sums of money" for Trident.

In addition, Mr. Hansen said he sent a memo in June 1989 to Mr. Meyer charging a joint venture between Trident and Meyer Investment Properties was detrimental to Trident and should be renegotiated.

As a result of those memos, Mr. Hansen said he received a memo in August 1989 from Mr. Meyer saying he was dissatisfied with Mr. Hansen's performance. Mr. Hansen said he was terminated by Mr. Meyer in September 1989.

In his suit, Mr. Hansen has charged wrongful discharge in violation of public policy, fraud and deceit.

Trident and Pacific Inland denied wrongdoing and denied Mr. Hansen had a three-year contract as chief executive officer.

"You simply have a former officer of the company who was discharged for doing a lousy job, who has now decided that he has got some creative lawyers and they are going to sue for every claim known to man to leverage a settlement," said Mr. Cole, who also represents Trident and Pacific Inland in this case.

Louis Highman, representing Mr. Hansen, said, however, the case is much more than a simple breach of contract suit. "We are alleging torts," said Mr. Highman.

No trial date has yet been set. ■

MONY

Continued from page 1

date their MONY contracts; or stick with MONY.

(MONY recently disclosed third-quarter surrendered benefits and withdrawals totaling $919 million. Withdrawals were $500 million more than during the first two quarters. The figure includes higher-than-normal premature withdrawals, an unusually high number of GIC maturities and benefit payouts, MONY officials said.)

In evaluating the deal, pension executives considered the interest rate, the re-investment rate, the percentage of contracts invested with MONY and in asset-backed GICs, and how the new structure would fit into the entire portfolio, said Vernon Hodge, president of PRIMCO Capital Management Inc., Louisville, Ky. PRIMCO has $10 billion under management, primarily in GICs.

Some of Mr. Hodge's clients made the transfer; others stayed with MONY.

Those who transferred to Met Life got such benefits as a higher-rated carrier and a separate account that has the liquidity to refinance mortgages if necessary, Mr. Hodge said.

Pension funds that liquidated their MONY contracts generally did so to upgrade their portfolios, consultants said.

Those that stayed with MONY wanted the promise of continued guaranteed rates of return and the option to cash out their contracts, two features not offered through the Met Life deal.

In many cases, the time remaining until the contract matured was too short to justify termination or transferring.

Under the terms of the transfer, there is a six-year maturity for 80% of the assets pension funds transfer to Met Life. Yields will be reset annually, based on the portfolio's value and other factors. The remaining 20% follows the terms of the original GIC issued by MONY.

"They would have been locking in their position over a much longer time," said Michael Shone, president of Peirce Park Group, Wilmington, Del., which advised the Bookbinders fund on its decision to stick with MONY.

Such a position would not be in the best interests of the fund, which is reviewing whether it should invest in pooled GICs instead of individual contracts, or even GICs as an asset class at all, according to Mr. Shone.

"The primary advantage to accepting the deal would be that you're quickly insulating yourself from the risk of Mutual of New York possibly being taken over by the state of New York, regardless of however remote," said William D. Templeton, director of insurance consulting in the Atlanta office of TPF&C.

A takeover would freeze the assets and halt all benefit payments — as was the case at Mutual Benefit Life Insurance Co., which was taken over by New Jersey state regulators last summer.

Another risk is an actual loss on the contracts, which Executive Life Insurance Co. contract holders now are facing.

One key factor reducing the attractiveness of the Met Life deal is the inability to determine the market value of MONY's general account assets, which will be transferred to Met Life and used to back the contracts initially.

"It's difficult, if not impossible, to really make a meaningful estimate of the present value" of the underlying securities, Mr. Templeton said.

Plan sponsors bear the credit risk — which could affect income — if the assets are worth less, he explained.

"We advised a small percentage of our clients to actually accept the Met deal," said C. Jason Psome, principal with Brentwood Asset Advisors, a GIC consulting firm in Santa Monica, Calif. Brentwood has clients holding $60 million in MONY contracts, including clients that purchased the contracts directly from MONY.

"That probably was the least attractive of all the offers that were presented," Mr. Psome said.

"Certain clients we advised to liquidate their MONY GICs even in cases where the market value adjustment was particularly onerous," he said.

Liquidation was an option some clients used to strengthen their overall GIC portfolio, according to Mr. Psome.

"Of all the lower rated (GIC providers), MONY is probably in worst shape," Mr. Psome said. "You can turn (liquidation) into a strengthening proposition for the portfolio. The strengthening step is not just an amputation, it's an actual replacement with a higher quality issue."

Murray L. Becker, president of Becker & Rooney, a GIC consulting firm in Teaneck, N.J., said he recommended the deal to clients who evaluated it in terms of easing the fears of conservative plan participants. "The appearance of risk and reducing the appearance of risk is often quite important," he noted.

But "for a client that wanted to focus on financial issues involved, we recommended not accepting the deal," Mr. Becker said.

The deal leaves MONY with $1.1 billion in GIC liabilities and relieves the firm of $400 million in mortgages, said Tom Schlossberg, senior vice president at MONY.

Furthermore, the company's capital ratio, measured as a ratio of general account liabilities to capital, will increase to 5.8% from 5.5% as of Sept. 30, Mr. Schlossberg said.

MONY had $785 million in capital on $14.2 billion of general account liabilities at the end of September, he said.

"It improves MONY's financial strength, it helps our liquidity even further . . . while providing a good option for our clients," Mr. Schlossberg said.

"MONY gets out from under a liquidity strain, some of which was near term strain," said PRIMCO's Mr. Hodge.

The $666 million deal between MONY and Met Life has three components:

- MONY GIC holders will transfer — effective Dec. 2 — 80% of the value of their contracts (or $366 million) to a separate account at Met Life.

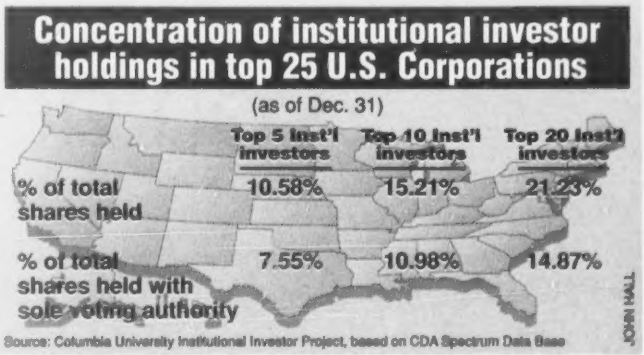
The account initially will be made up of assets transferred from MONY and representative of its general account assets. The maturity on this portion of the contract is six years and interest rates — which are likely to be lower than what the contracts are earning at MONY — will be declared Dec. 2 and reset annually.

- On the remaining 20% of the contracts, or $92 million, Met Life will guarantee the same terms and interest rates they earned under their arrangement with MONY.
- In addition, $208 million of the $300 million indemnity re-insurance agreement will remain in effect, reflecting Met Life's guarantee on the $94 million value or 20% portion of MONY's GICs. ■

The power of institutions

Study fans new flames on influence of groups' holdings

By Joel Chernoff



Concentration of institutional investor holdings in top 25 U.S. Corporations

(as of Dec. 31)

Source: Columbia University Institutional Investor Project, based on CDA Spectrum Data Base

NEW YORK — The debate over the growing power of institutional investors has been turned up another notch as a new study has raised the question of whether institutional holdings are highly concentrated.

While business groups warn institutional investors are becoming too big and powerful, institutions say they are fragmented and ineffective.

A new study by a unit of Columbia University's Center for Law and Economic Studies has given ammunition to advocates of both sides of the debate.

While all institutions as a whole hold 45.92% of the stock of the top 25 U.S. corporations, ownership is most highly concentrated among the largest five institutions, which held 10.58% of outstanding stock in those companies at the end of 1990 — or nearly a quarter of the stock held by all institutions, the study found.

What's more, the top 20 institutions hold 21.23% of the stock of the top 25 corporations, or 46.23% of institutionally owned stock. Where those institutions hold sole voting authority, they control 14.87% of the top 25 corporations' shares.

The study confirms earlier data that "concentration levels are very high for most large corporations," said Robert D. Rosenbaum, partner at the law firm of Arnold & Porter, Washington, which represents the Business Roundtable.

The study "confirms the view that in a proxy contest setting, a relatively small group of institutional investors could determine the outcome of the vote," Mr. Rosenbaum added.

But, although the top 10 institutions hold 10.98% of the stock, concentration falls off sharply after that, said Bernard Black, associate professor at Columbia University Law School. "You don't see individual institutions holding large individual stakes," he said.

What's more, institutions — which include banks, insurance companies, mutual funds, pension funds and others — are far from monolithic in their behavior, some argue. Many of the biggest institutions, including large indexers such as Wells Fargo Nikko Investment Advisors and Bankers Trust Co., are not active in the corporate governance area, some note.

"You really have to remember institutional investors have as much in common as brunets," said Sarah Teslik, executive director of the Council of Institutional Investors, Washington.

The issue strikes at the heart of the Securities and Exchange Commission's proposed rule changes that would liberalize the proxy voting process by, among other things, permitting "disinterested parties," such as shareholders not advancing proxy proposals, the ability to discuss issues with each other without filing a proxy statement with the SEC.

While the Business Roundtable argues growing concentration of ownership requires fuller disclosure in proxy situations, shareholder activists maintain institutions need greater freedom to share their views with other institutions.

"Both sides are trying to prove their case. The cup is either half full or half empty," said Carolyn Kay Brancato, executive director of Columbia University Law School's Institutional Investor Project, New York, and author of the study.

The study found institutions own 45.92% of the stock of the nation's top 25 corporations. That figure is understated, because the study looks at SEC filings made by institutions with $100 million or more in assets, excluding some institutions. In addition, the top 25 companies include a number of utilities, which typically have lower than normal institutional ownership. An earlier study by the Columbia project found institutions hold 53.3% of U.S. corporate equities (*Pensions & Investments*, Sept. 30).

While business and institutions might be at odds over whether ownership is highly concentrated, few dispute institutions' power is increasing. Mr. Black admits institutions' ability to influence a proxy fight is increasing "on the margin."

Ina McGuinness, a research analyst at the Investor Responsibility Research Center, Washington, said corporate raiders are well aware of institutions' influence. "They know who the big players are. If they can get the big players on their sides, they know they have a chance of winning."

Institutional and individual shareholder power is growing. Nearly twice as many shareholder-sponsored proposals won approval in the last proxy season than in the preceding four years combined, according to a new study by the IRRC.

Individual and institutional shareholders won 16 initiatives in 1990, compared with a total of nine from 1986 to 1989, the IRRC reported.

What's more, shareholders rejected 23 management-sponsored proposals this year, almost three times as many as the year before.

Shareholder support for proposals to require confidential voting, reduce supermajority vote requirements and abolish poison pills also grew significantly.

"Corporate management still dominates the process. That's indisputable," Patrick S. McGurn, the IRRC's legal counsel, said in a release. "But these intriguing new figures suggest the emergence of a trend toward power-sharing arrangements." ■

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AT DEADLINE

George to leave Oregon

James C. George, investment manager for the Oregon Public Employes Retirement System for 25 years, will retire in March. He will remain a consultant to the Oregon Treasury and the Oregon Investment Council.

Birtcher Realty buys Am Cal

Birtcher Realty Advisors has acquired the assets of Am Cal Advisors for an undisclosed sum in a cash and notes deal.

Birtcher gained $220 million in assets through Am Cal, said Stanley L. Iezman, president. James B. McKenna, president of Am Cal, now is executive vice president of Birtcher.

Funds hire managers

The $9.3 billion **State of Connecticut Trust Funds** hired 12 emerging equity managers to split $180 million.

JMC Capital, Martingale Asset Management, Oak Associates and Target Investors each will manage $25 million. Each of the remaining eight will manage $10 million. They are: Armstrong Shaw Associates; Brown Capital Management; Davis Hamilton Jackson & Associates; Greaves Capital Management; Investment Counselors; NCM Capital Management Group; Spare, Tengler, Kaplan & Bischel; and ValueQuest.

The $303 million **Robert A. Welch Foundation** hired Daniel Breen & Co. to manage a $40 million equity portfolio.

The $460 million **Southern California Rapid Transit District** pension fund hired

Continued on page 43

INSIDE

TED FUKA

ERISA's weak link

Pension Benefit Guaranty Corp. protection should be extended to benefits covered by retirement annuities, with contract issuers charged a risk-based premium to pay for the added cost. In Commentary, Page 14.

Equity holdings protected

Dayton Hudson collars volatility for 401(k) participants

By Barry B. Burr

MINNEAPOLIS — Unbeknown to participants in its $550 million 401(k) plan, Dayton Hudson Corp. has had in place since June a "collar" around the equity portfolio of its defined contribution plan to protect the portfolio's value through the end of this year.

While some pension executives — including Dayton Hudson — employ futures, options and other derivatives in wide-ranging ways to invest their defined benefit assets, the Minneapolis-based company's use of the collar, a sophisticated application of derivatives, for its 401(k) plan apparently is unique.

Wayne A. Wicker, Dayton Hudson manager-benefit investments, believes his company is the first to use a collar for employee-directed investments of a 401(k) plan.

The collar is perhaps the ultimate overlay — overlaying the participants as well as the three firms actively managing the equity portfolio.

According to Mr. Wicker, the collar seeks to lock up a minimum of a 10% gain for the year on the $65 million equity portfolio for participants by protecting against a downside in the stock market, as measured by the Standard & Poor's 500 Stock Index. In turn, instead of paying a fee for the protection, Dayton Hudson agreed to give up any potential upside in the stock market above a 30% return for the year.

A special report on the use of derivatives begins on page 17.

As C. Scott Fedewa, vice president-global capital group, Bankers Trust Co., New York, who sold Dayton Hudson its first collar, explained: "You don't think the market is going up so you are willing to give up appreciation to pay for the call."

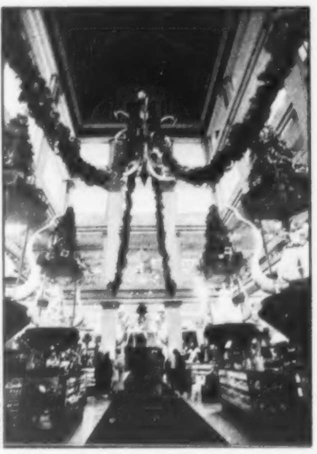
When the collar was first put in place in June, the active equity portfolio was up about 17% for the first six months of the year, against the S&P 500's 14.3%.

The collar, which expires Dec. 31, attempts to give participants in the equity portfolio a return for the year ranging between 10% and 30% — and importantly, a return that will be no lower or no higher. That is the concept although, as Mr. Wicker explained, the range of returns possible even with the collar is complicated by the performance of active equity management vs. the stock market.

"When you have active management, you add another dimension on top of the collar," he said. "It complicates the collar."

The collar, although the most ambitious, isn't the first time Dayton Hudson has used deriva-

See **Collar** *on page 40*



BROOKE HUMMER

Dayton Hudson, owner of the Marshall Field's chain, uses derivatives in its 401(k) plan.

Maxwell's lost assets spur change

By Margaret Price and Anne Schwimmer

News that at least 400 million pounds ($717 million) of pension assets is missing from the Maxwell empire has spurred greater efforts to protect British pension funds and could hamper efforts to sell Maxwell's British properties.

While investigations into the scandal continue in Britain, the possibility of a similar case arising in the United States is considered slight.

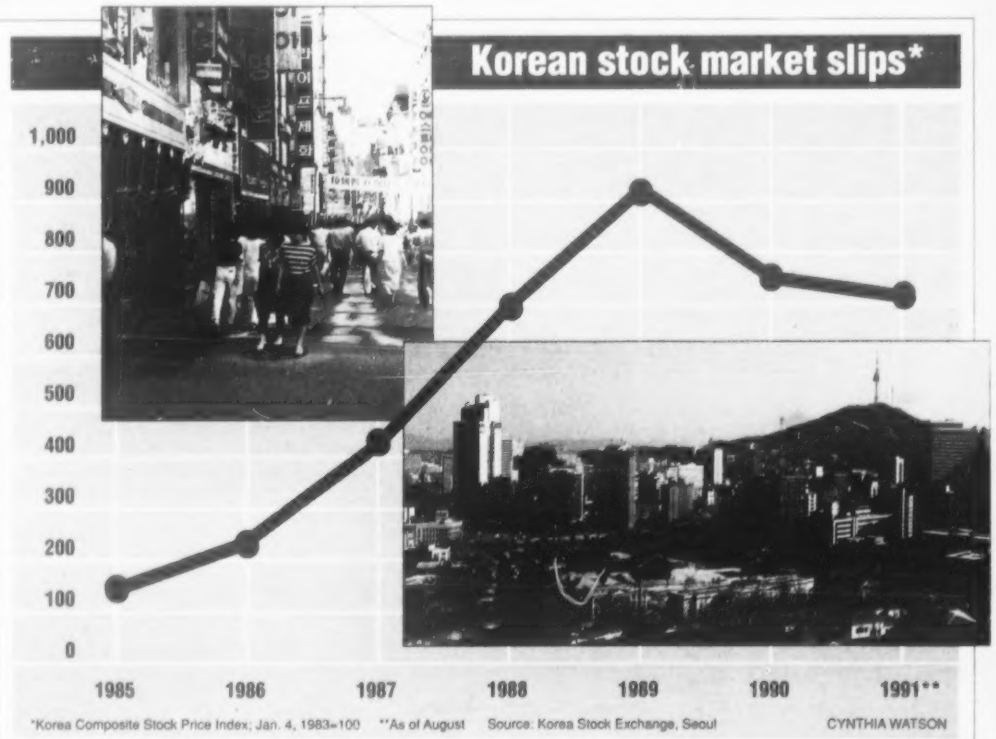
No pension assets of the U.S. subsidiaries of Maxwell's conglomerate are believed to be missing.

Nevertheless, the Pension Benefit Guaranty Corp. has asked the New York Daily News — a Maxwell property — for a detailed report on the status of its pension funds, noting four of them are among the 20 largest creditors to the company by virtue of their unfunded pension obligations.

In Britain, the Serious Fraud Office and the Investment Management Regulatory Organisation Ltd. are investigating reports that pension assets were lent directly to Maxwell affiliates as collateral to back the affiliates' bank loans. According to reports, the pension funds were pledged collateral for the assets used in the loans, but Robert Maxwell — the patriarch of the firm who died last month — allegedly sold the collateral later.

David Burgess, head of corpo-

See **Maxwell** *on page 43*



*Korea Composite Stock Price Index; Jan. 4, 1983=100 **As of August Source: Korea Stock Exchange, Seoul

CYNTHIA WATSON

Korea an open-and-shut case

Market's debut may leave funds in cold

By Margaret Price

U.S. pension funds and some other institutional investors will be prevented from participating in next month's expected opening of the Korean stock market to direct foreign investments under current regulations.

Money managers disagree on whether the Korean market is attractive enough to move into quickly, but for pension funds the issue is thornier. According to John Bielski, compliance officer of Baring Securities Inc., New York, foreign investors taking advantage of the Jan. 3 opening of the Korean market must have an identification number, obtained through a Korean broker from the Korean Securities and Exchange Commission.

While the investing rules are changing rapidly, as of now, only incorporated entities and individ-

See **Korea** *on page 42*

NEWS DIGEST

TOM REED

John Reinsberg's decision to leave GE Investments to become a partner at Lazard Freres could mean a tough transitional period for the investment management firm. Page 6.

Harvard University has chosen the path less traveled by tax-exempt funds, marking to market its alternative investment portfolio. Page 34.

SPECIAL REPORT: DERIVATIVES

Some pension fund investors are implementing rather sophisticated derivative-based strategies, but many have not. Advisers say education would end the skepticism preventing greater use of the instruments. Page 17.

FINANCING

CMS Energy affiliates' bond sales have received a warm reception from institutional investors because of their yield and ratings. Page 3.

Rule 144A, expected to spur the issuance of private securities, has left some investors underwhelmed. Page 29.

INTERNATIONAL

U.S. pension funds and other institutions might have to watch the opening of Korea's stock market to direct foreign investment from the sidelines. Page 1.

The Irish market is getting less attention from the country's pension funds. Page 37.

REAL ESTATE

The Maine State system filed a counterclaim against Travelers Insurance claiming Travelers violated its fiduciary duty in its handling of Separate Account R. Page 4.

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P&I not behind conference

NEW YORK — *Pensions & Investments* is not connected in any way with the "Annual Pensions & Investment Conference" sponsored by The Investment Management Institute and scheduled for later this week.

"*P&I*, the newspaper of corporate and institutional investing, is not sponsoring or supporting this meeting," said William T. Bisson Jr., publisher. In addition, neither Crain Communications Inc., which publishes *P&I* and more than 24 other publications, nor any other related entity is associated with the IMI meeting.

IMI is headed by Russell K. Mason.

P&I co-sponsors conferences with International Business Forum.

Equitable halts GIC sales

Pioneer's exit is no surprise after years of downsizing

By Hillary Durgin

NEW YORK — The Equitable Life Assurance Society of the United States, a pioneer in the $250 billion GIC business, is getting out.

The decision to discontinue writing new contracts is the final step in its efforts to shrink its GIC business and reduce liabilities, said Gordon G. Dinsmore, senior vice president-annuity products and services. Equitable will continue to service existing contracts, 90% of which mature before 1995, Mr. Dinsmore said.

In the past few years, Equitable has reduced the overall amount of contracts it issued to about $500 million annually from a high of $2 billion annually in the mid-1980s, Mr. Dinsmore said. Equitable has written virtually no contracts in the past 12 months. The retrenchment has reduced Equitable's GIC obligations to $8 billion as of Oct. 31, or one-fifth of its general account liabilities, down from a peak of $15 billion in 1986.

The insurer's exit is historic given its role in creating the GIC and its dominance of the market in the 1970s. "It's a sad chapter that the company that developed the concept and made it universally attractive in the 1970s failed to adapt to the changes that occurred," said Murray L. Becker, president of Becker & Rooney, a GIC consultant in Teaneck, N.J.

Equitable has suffered GIC losses of about $1 billion, substantially because of a product called a "long open" window contract. Under the design, Equitable would accept account deposits over periods of more than a year and guarantee rates of 12%. The insurer got hammered as interest rates fell in the mid-1980s.

Given Equitable's financial difficulties and gradual withdrawal from the GIC arena, its decision to pull out completely was news, but not a surprise to industry insiders.

"They were a leader in writing the business, but what they discovered . . . was that they were bleeding themselves to death," said David Schupp, principal with Townsend & Schupp, a Hartford, Conn., insurance research firm. "That GIC business, thank goodness, didn't provide a death blow, but it certainly provided some serious injury to a franchise name company."

Equitable's departure from GICs is part of a strategy to focus on the money management business for institutional clients and to direct sales efforts and capital on the higher-margin life insurance and annuity business, Equitable officials said. Its decision comes as the mutual insurance company plans to convert to a publicly owned company in an effort to increase its capital base. ■

Baptists restructure $2.4 billion in assets

By Fred Williams

DALLAS — The Annuity Board of the Southern Baptist Convention is restructuring 70% of its $3.4 billion in employee benefit assets, reducing the use of guaranteed contracts and active equity management.

The $1.4 billion stable value portion of the board's $2 billion 403(b) plan gradually will be converted from guaranteed investment contracts, bank investment contracts and synthetic GICs to a market value fund containing fixed-income securities with maturities of one to five years.

Some $1 billion in equities in all funds overseen by the board will be shifted from pure active management to an even split between active and passive.

John Jones, senior vice president and chief investment officer, said the board hired two fixed-income specialists — Payden & Rygel, Los Angeles, and Fidelity Investments, Boston — to manage traditional fixed-income portfolios as maturing GICs are rolled over. Mr. Jones said he expects about 16% of the stable value fund to be invested in fixed income in 1992. By 1996, he said, 85% to 90% of the stable value portion of the 403(b) will be invested in traditional fixed-income instruments. The remainder will be in guaranteed contracts.

Trustees also hired Northern Trust Co., Chicago; Goldman Sachs Asset Management, New York; and Independence Investment Associates, Boston, as passive equity managers.

Mr. Jones declined to specify whether any equity managers were terminated or the amounts to be given to the new managers.

Of the board's $1 billion in equities, $400 million is in the $870 million defined benefit plan, $223 million is in the 403(b) plan and the remainder is in multiple, small annuitized plans.

Declining yields on GICs and credit concerns in the insurance industry are partly responsible for the fund's move from GICs, Mr. Jones said.

Recent yields on a three-year bullet GIC from an AAA rated insurance company stood around 6.2%, down from double-digit levels only months ago.

Fund executives first diversified the stable value fund by hiring Certus Financial Corp., San Francisco, to move into higher quality carriers and into BICs and synthetics.

"Now we are taking the next step to enhance the fund by changing from a book value to a market value fund by investing in short-duration bonds with low volatility," Mr. Jones said.

Certus will continue to manage the portfolio and monitor insurance company credit quality and claims-paying ability.

The Southern Baptist Convention is one of several employee benefit funds reducing their exposure to GICs and moving into bonds. Earlier this year, Halliburton Co., a stone's throw from the annuity board offices in downtown Dallas, disclosed it was reducing its GIC exposure in the company's $1.1 billion stable value/GIC fund to less than 50%. (*Pensions & Investments*, Aug. 8).

Carl Paxton, manager of benefit fund investment at MAPCO Inc., Tulsa, Okla., said he is considering eliminating the $10 million to $12 million in GICs in the company's $120 million defined benefit plan in favor of traditional fixed-income investments. He said no decision has been made.

William D. Templeton, director of insurance consulting at TPF&C, Atlanta, which assisted the Baptist board in its restructuring effort, said there is "clearly a major trend" toward the reduction of GICs by plan sponsors.

"My suspicion is that perhaps the vast majority, certainly well over half, of the money that otherwise would have gone to GICs now is going to different types of investments. The majority is going to synthetic GICs and some to market value fixed-income instruments," he said. ■

Robert Monks wants a paid shareholder committee to advise the Sears board.

Monks sets sights on Sears again

By Joel Chernoff

WASHINGTON — Activist shareholder Robert A.G. Monks, laying the groundwork for a second run for a seat on Sears, Roebuck and Co.'s board of directors, wants to create a committee of shareholder representatives to oversee Sears' board.

A second proposal that Mr. Monks' firm, Institutional Shareholder Partners Inc., Washington, helped draft would urge the company's board to consider spinning off its financial services units — Dean Witter Financial Services Group, Coldwell Banker Real Estate Group and Allstate Insurance Co.

If successful, his efforts could result in a radically restructured company. Mr. Monks, who lost a bitter campaign in May for a seat on the Sears board, says he will campaign again for a seat.

The proposal to form a three-person committee composed of shareholder representatives would create a shadow group for Sears' board of directors. Unlike

See **Monks** *on page 41*

Maine files action in Travelers lawsuit

By Terry Williams

HARTFORD, Conn. — The $2.2 billion Maine State Retirement System has filed a counterclaim against Travelers Insurance Co. alleging the insurer violated its fiduciary duties in the handling of its Separate Account R open-end commingled real estate fund.

The Maine retirement fund has been trying to redeem its $18 million investment in Separate Account R since 1986, said Claude Perrier, executive director.

The counterclaim was filed in response to a suit that Travelers filed in October in U.S. District Court in Hartford.

In that suit — Travelers Insurance Co. vs. Allied-Signal Inc. — Travelers petitioned the court to determine the proper method of liquidating and distributing assets to investors in the open-end commingled fund.

The Maine retirement system also was named as a defendant in that suit.

Separate Account R, as of year-end 1990, had $252 million in assets.

The fund is made up of an equity component and a mortgage component, with the equity share being the larger.

In its counterclaim, the Maine system alleges Travelers gave preferential treatment to its own pension fund when it switched to a pro-rata distribution from a first-come, first-served distribution.

The insurer's pension plan had $53 million invested in Separate Account R as of year-end 1990.

Other allegations in Maine's countersuit include:

- Travelers failed to liquidate and terminate the account on a timely basis so it could continue to collect management fees from participants.
- A transaction involving mortgages resulted in a loss to the account.
- Properties held in the account were not investment grade.

In response to Maine's action, Jody Beresin, a Travelers spokeswoman said: "The Travelers regrets the assertions of counterclaims in the litigation concerning its Separate Account R.

"Since the inception of the litigation in the summer of 1990 (when the Dallas Police and Fire Pension Fund filed suit over distribution of the fund), The Travelers has tried to arrive at a business solution for its real estate separate account.

"We believe that The Travelers management of the account will be found appropriate when evaluated on the merits.

"We have consistently managed the fund in keeping with our fiduciary duties.

"We do remain hopeful that a friendly solution can be reached," she said.

Ms. Beresin declined to identify how much the fund is facing in total withdrawal requests from its clients. ■

CORRECTIONS & CLARIFICATIONS

- **Thiokol Corp.** officials added **The Travelers** as an annuity option for its retirees. While Thiokol had considered and rejected adding a fourth option for active participants in its 401(k) plan, Travelers was not involved in that process, as was reported Oct. 14.
- **Ennis, Knupp & Associates** has 41 tax-exempt retainer clients. The profile in the Nov. 11 issue and a subsequent correction contained the wrong number.
- The size of the **Los Angeles College of Chiropractic**'s retirement fund is $1.5 million. The amount was misstated in the Nov. 11 issue.

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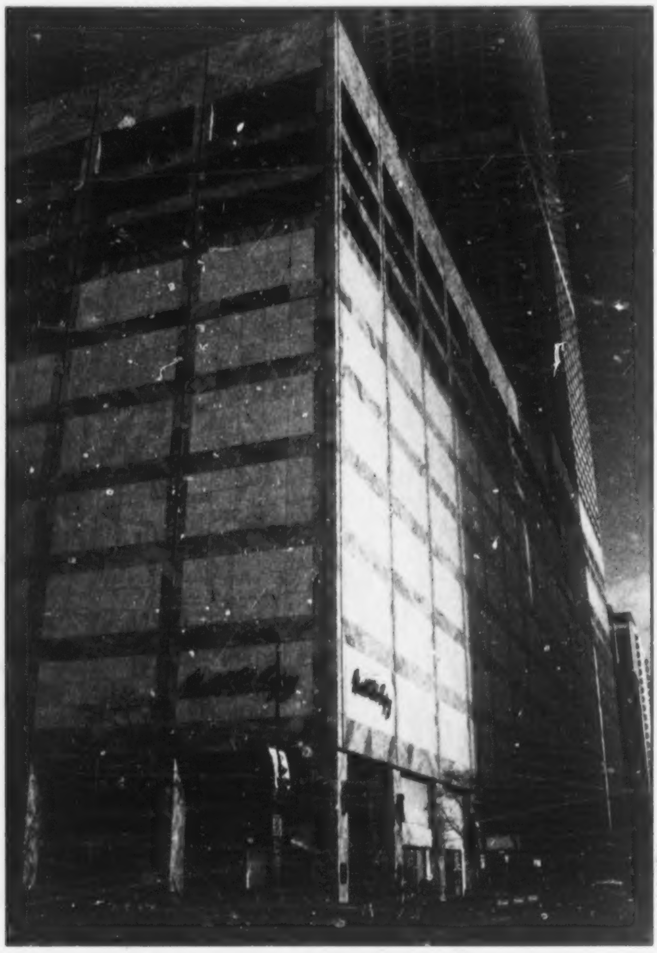
REAL ESTATE

Urban and upscale, retail centers gain in popularity



Chicago's Water Tower Place is an example of a "deluxe" urban retail center, the latest hot property type.

■ Pension investors could find themselves puzzled about how to invest in one of the most coveted new forms of retail, the growing urban retail market.

Pension funds traditionally have turned their backs on urban retail markets, primarily because city shopping areas had been deteriorating because investing in them is difficult.

But a new market is developing in some of America's major cities — "deluxe" retail — that might outshine suburban-centered regional malls in return on investment, according to a new Salmon Brothers report.

The customer draw for revitalized urban centers is not just from U.S. shoppers, but from a growing class of middle- and upper-class shoppers from around the world. Up to 40% to 50% of the foot traffic in some U.S. urban stores is shoppers visiting from foreign countries.

"Deluxe" retailing refers to retailers' attempt — because of an increasingly competitive retailing environment — to build a greater market share in sales worldwide for brand labels.

Pension investors have favored suburban retail malls for investment partly because the malls are large, unified structures in which pension funds can invest a large chunk of cash. Urban retail centers, on the other hand, primarily are composed of individual stores, not under one roof.

However, Therese Byrne, a vice president with Salomon Brothers, said pension funds could invest in this new market by buying relatively new vertical malls, an example of which is Water Tower Place in Chicago.

— Steve Hemmerick

BENEFITS

Savings plans big with companies

■ All of the 50 U.S. industrial companies covered in a new report by The Wyatt Co. offer at least one cash or deferred compensation plan to their salaried employees.

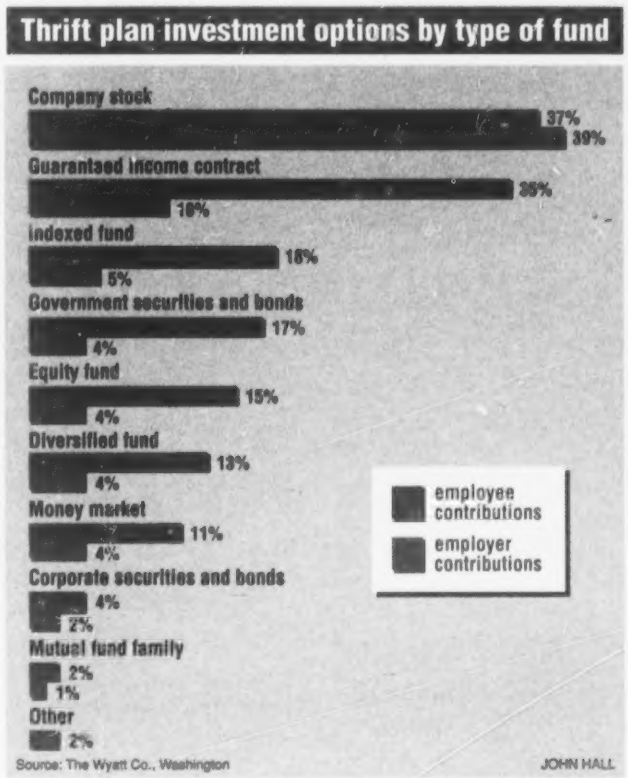
Forty-four of the firms have thrift/savings or 401(k) plans, and nine of the companies offer profit-sharing plans with investment options similar to those of the thrift/savings plans.

All but one of the companies with thrift/savings plans offer at least two investment options. The investment most frequently offered was company stock, followed by guaranteed income contracts and index funds.

The firm with only one investment option offers company stock as the investment vehicle, according to Wyatt's 1991 Top 50 report on pension, thrift/savings and profit-sharing plans.

Twenty-three of the firms offer employee stock ownership plans, with 13 companies having separate plans for ESOPs and 10 including ESOPs as part of thrift/savings or profit-sharing plans.

— Sabine Schramm



Source: The Wyatt Co., Washington

CORPORATE GOVERNANCE

Regan proposes proxy commentary

■ Trying to curtail "a contentious plague of the proxy," New York State Comptroller Edward V. Regan has developed his own solution to balance the needs of shareholders and corporate management.

Mr. Regan, often a maverick on corporate governance issues, believes Securities and Exchange Commission proposals to open communication among shareholders and ease access to proxy holders are inadequate for enhancing corporate accountability.

Instead, Mr. Regan would like the SEC to permit long-term, major shareholders to place comments in corporate proxy materials on management's ability to achieve long-term performance. Comments of up to 200 words could be included from shareholders with, for example, at least one-half of a percent of a company's voting stock for five years or more. Shareholders also could indicate how they would vote for nominated directors.

Originally submitted as a comment on the SEC's proposals, Mr. Regan now wants the SEC to pursue an independent rulemaking on his proposal.

While the proposal has won favorable comments from the business community, Martin Lipton, a partner in the law firm of Wachtell, Lipton, Rosen & Katz, New York, warned both the SEC and Mr. Regan's proposals are "piecemeal" efforts.

Rather, a national council appointed by either the president or Congress is needed to come up with a broad set of recommendations on how to rebalance the equation between shareholders and management, Mr. Lipton told a meeting of the Competitiveness Policy Council, a group that will issue its own findings to the president by March 1.

— Joel Chernoff

Edward Regan thinks the SEC's proxy proposals don't enhance corporate accountability.

ACCOUNTING

FASB gives view on pre-payments

■ A proposal on accounting for loans, receivables or other debt securities subject to pre-payment — including investments such as mortgage loans, mortgage-derivative products and callable debt — has been issued by the Financial Accounting Standards Board.

The proposal, which has been released for public comment until Dec. 31, would specify the circumstances in which pre-payments would be required to be anticipated in applying the interest method of amortization and it would standardize how changes in anticipated pre-payments should be recognized.

If adopted, the proposal would be effective for transactions entered into in fiscal years beginning after Dec. 15, 1992.

The proposal would require anticipation of pre-payments whenever they were probable; the timing and amount can be estimated; and the impact on the effective yield would be significant. The proposal also would require the effective yield to be recalculated and the carrying amount of the investment adjusted if actual cash flows and estimates of future cash flows change as a result of pre-payments.

The adjustment would be required to be recognized currently in income.

— Marlene Givant Star

INTERNATIONAL

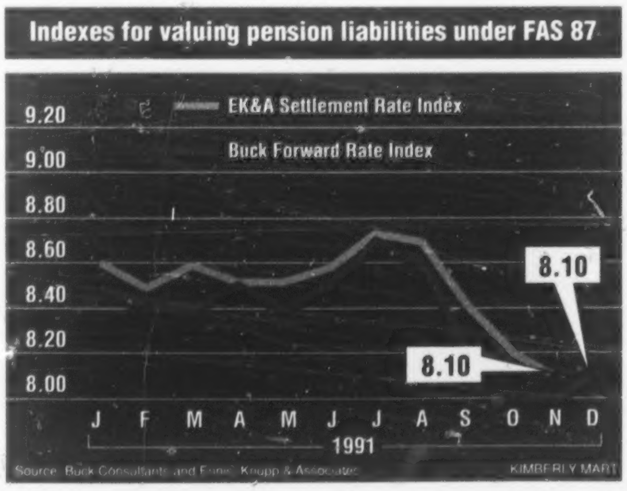
SEC rule widens investors' reach

■ U.S. investors will have access to a wider range of opportunities to buy foreign stocks under a new Securities and Exchange Commission rule adopted in October.

Under SEC Rule 3a6, foreign banks and insurance companies will be able to sell their securities in the United States without registering as investment companies or seeking exemptions from SEC registration.

Under the current regulation, banks and insurance companies with more than 40% of their assets held as securities are required to register as investment companies.

— Marlene Givant Star



Source: Buck Consultants and Ennis, Knupp & Associates

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AT DEADLINE

Ruling's impact eased

European companies will not have to pay an estimated $80 billion in retroactive pension benefits arising from the controversial Barber suit. A new political agreement reached at the recent EC summit in Maastricht, dealing with the May 1990 European court decision says men and women should receive equal pension treatment, but not on a retroactive basis.

Funds reveal hirings

The $13.4 billion **Oregon Public Employes Retirement System** hired Acadian Asset Management, Baring International Investment, Marvin & Palmer Associates and DSI International to manage $42 million each in global equity accounts, and Genesis Investment Management to manage $30 million in an emerging markets account.

Matuschka Group, which managed $85 million, was terminated.

The $60 million **Rhode Island Carpenters Pension Fund**, Warwick, hired Bear Stearns Asset Management to manage a balanced account of between $10 million and $15 million. The money will come from assets that were managed by Equitable, which continues as a manager for the fund.

Provident National Bank has been named master custodian for the **Pennsylvania State Employes' Retirement System**, **Public School Employes' Retirement System** and **Municipal Employes Retirement System.**

Provident National will subcontract with Mellon Bank for domestic securities lending and with State Street Bank & Trust,

Continued on page 29

INSIDE

DAVID LUBARSKY

CIOs look to future

Christina Seix of MacKay-Shields and four of her peers offered their views on the economic outlook for 1992 at *Pensions & Investments*' annual investment management roundtable discussion. Page 3.

JOE WILSSENS

GM may increase contributions to its pension plans, but has cut them in its defined contribution plans.

Job losses clobber funds

Some sell stocks to raise cash for lump-sum payments

By Margaret Price, Hillary Durgin and Curtis Vosti

Massive job reductions — exemplified by General Motors Corp.'s planned elimination of 74,000 jobs — are eroding cash reserves of the pension funds of affected companies, causing some to liquidate stock to pay pension benefits and others to begin to invest more conservatively.

For GM and many other companies, the likely result of this downsizing is "corporations increasing contributions to the pension plan," to make up for assets used to pay benefits, said W. Gordon Binns Jr., GM's chief investment funds officer.

GM, which doesn't allow retirees to take lump sums, has enough cash to pay benefits, Mr. Binns said.

"Instead, the effect of the increasing number of retirees will come through in the actuarially experienced losses and gains of the plans," he said.

Although GM won't disclose specifics of its early retirement incentives until early next year, the company has announced it will cut in half — to 25% for the first 6% of salary — its contribution to its savings plan, which makes up the lion's share of its $6.6 billion in defined contribution assets. Also, GM will make no U.S. profit-sharing contributions this year.

Meanwhile, U S WEST Inc., Southwestern Bell Corp. and Unisys Corp. had to liquidate pension assets to meet lump-sum distribution requests connected with early retirement and layoff programs. And Grumman Corp.'s pension fund is taking a more conservative investment approach — as well as booking an $86 million additional pension expense in 1990 — because of downsizing.

U S WEST, Englewood, Colo., had to liquidate $300 million in stock because more employees than expected took advantage of an early retirement program. Two-thirds of the 6,000 eligible employees elected early retirement; 3,000 took lump-sum distributions of their accrued pension benefits.

James Biundo, executive director, trust investment management at U S WEST, said the company's

See **Layoffs** *on page 31*

Maxwell empire probe widens

Labor Department joins investigations

By Anne Schwimmer

WASHINGTON — The Department of Labor has joined the U.S. investigation of the pension funds of Maxwell Communication Corp.'s U.S. affiliates, hoping to assure itself the more than $300 million in assets is safe.

The Labor Department is joining the Pension Benefit Guaranty Corp.'s wide-ranging investigation, spurred by the recent filings for protection under bankruptcy laws by U.S.-based Maxwell companies and discoveries that about $760 million of assets vanished from pension funds of U.K.-based Maxwell companies.

Shock waves from the collapse of the empire of the late Robert Maxwell continue to affect the U.S. pension industry.

- The PBGC disclosed last week the Maxwell organization filed for termination of five New York Daily News pension plans in October. At first glance, a PBGC spokeswoman said, the plans appear to have no assets, no liabilities and no participants.
- The collapse of the Maxwell empire might prove to have broader implications for the international capital markets. Two congressmen have asked the General Accounting Office to expand a GAO study of Rule 144A, which allows foreign issuers to privately sell securities to qualified institutional investors, to include "the Maxwell debacle."
- London & Bishopsgate International Inc., New York, which manages $500 million of U.S. pension assets, is attempting to separate itself from the Maxwell empire and has renamed itself Strategic Global Investments Ltd. *(See related story, page 31).*

See **Maxwell** *on page 31*

Companies pressured to disclose liabilities

By Hillary Durgin

WASHINGTON — Corporations are under pressure from the SEC to disclose their post-retirement health care liabilities as soon as they have estimates.

Although the pressure could be unintentional, new guidance from the Securities and Exchange Commission will force many companies to disclose their liabilities in fourth-quarter and year-end 1991 reports.

While a number of companies already have disclosed substantial liabilities for retiree health benefits — American Telephone & Telegraph Co., General Motors Corp., Ford Motor Co. and Chrysler Corp., for example — many were planning to report the information in 1993 when a new accounting rule, FAS 106, will go into effect.

The SEC's position was revealed in an addendum to the minutes of a November meeting of a task force of the Financial Accounting Standards Board, Stamford, Conn.

Consultants said implicit in the SEC guidance is a no-nonsense message that the commission will not tolerate delay by companies or an excuse of being unable to provide hard numbers because of uncertainties arising from plan changes they might implement.

"We all see it as a clear reinforcement by the SEC that if you're a publicly traded company and this, FAS 106, is going to be material to you . . . then you are required to disclose," said Donald McKinnon, managing director at William M. Mercer Inc., Stamford. "This year, 1991, what we're all anticipating is that all publicly traded companies that have a material issue are going to be faced with putting numbers in their disclosure," he said.

The SEC addendum clarifies a key issue that some companies were using as an excuse not to report their liability.

"Employers were thinking that if (they) had a plan design change (they) didn't have to disclose early," said Frank McArdle, manager of Hewitt Associates' Washington office. "The SEC thing clarifies that you do."

The guidance attached to the minutes explicitly states if a company is contemplating plan design changes and those changes are "probable," the company should estimate its liability based on the plan in place when FAS 106 is adopted. If changes are probable but not yet quantified, the company should estimate the liability based on the current plan and note separately the effect of po-

See **Liabilities** *on page 30*

NEWS DIGEST

AP/WIDE WORLD PHOTOS

Democratic presidential hopeful Bill Clinton is leading a charge against excessive executive compensation — a theme likely to be popular this election year. Page 28.

FINANCING

Despite the plunge in interest rates, corporations have not been jumping into the short-term debt markets. In fact, commercial paper issuance is down as much as 25%, dealers report. Page 4.

INTERNATIONAL

The U.S. Labor Department joins the widening probe into the crumbling Maxwell empire. Page 1.

Some corporations and institutional investors still see alluring long-term investment opportunities in the Soviet Union despite major changes in the country's political structure. Page 2.

REAL ESTATE

Shake-ups are under way at three major pension real estate consulting firms following surprise announcements by key consulting figures: Paul Saylor, Stephen Roulac and Randall Zisler. Page 2.

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Scoreboard survey deadline near

Questionnaires for *Pensions & Investments'* annual survey of the growth of money managers have been mailed. The completed forms, to be used for a special report published Feb. 3, must be returned by Dec. 31. If you have not received a questionnaire, or if you have any questions, contact Christine Philip, directory coordinator, at (312) 649-5217.

Consultants head for exits

Real estate figures Saylor, Roulac, Zisler leaving firms

By Steve Hemmerick

Shake-ups are under way at three major pension real estate consulting firms following surprise announcements that key consultants Paul Saylor, Stephen Roulac and Randall Zisler are leaving.

Mr. Saylor, co-founder and half-owner of Institutional Property Consultants, said he is "discussing" leaving IPC, but sources say the decision already has been made. IPC advises pension clients holding more than $200 billion in assets and $23 billion in real estate investments.

Mr. Roulac, citing "differing priorities" and "lack of compatibility," said he plans to leave The Roulac Group, a division of Deloitte & Touche, Wilton, Conn.

Mr. Zisler, a specialist in real estate quantification strategies who co-founded the Frank Russell Co. subsidiary Russell-Zisler Inc., Princeton, N.J., in 1988, said Russell-Zisler has "folded" and he is joining Pension Consulting Alliance, opening a branch office for PCA in Princeton.

Mr. Saylor said he likely will reach a decision "shortly," and he sharply denied speculation there is friction between him and co-founder Barbara Cambon. Ms. Cambon and seven other consultants will stay with the real estate consulting firm.

He would not say specifically why he is considering leaving the firm he co-founded in 1984 and helped build into a major pension consulting firm.

"Our business has grown substantially, and based on that growth, and the level of success and the visibility, it is not inappropriate to consider adjusting from time to time in a way that is better for our company and the clients the company serves," he said.

Ms. Cambon said, "As the marketplace has evolved, Paul has focused on certain things that are priority interest to him. I have been more involved with the focus of our core consulting business, and we just reached a decision that the things he wanted to pursue, and the things that I wanted to pursue, we could probably do best by not having him an owner of IPC," she said. She described the parting as "very amicable" and said IPC and Mr. Saylor might work together on some projects in the future.

Mr. Saylor denied rumors he felt he had too heavy a travel schedule and that he wanted to move to the more financially rewarding sell-side of the real estate investment management business.

Mr. Saylor appeared to leave open the possibility he might re-

See **Realty** *on page 29*

IRS targets underfunded plans

Action an attempt to protect PBGC

By Joel Chernoff

WASHINGTON — The Internal Revenue Service has announced a crackdown on underfunded pension plans.

Pension experts say the action ties into a larger effort to prevent more pension liabilities from being shifted to the Pension Benefit Guaranty Corp.

"Part of what's going on here is not knowing how deep the exposure is" at the PBGC, said Richard Reichler, senior partner at Ernst & Young, New York. The General Accounting Office recently found the PBGC's books are unauditable. The pension agency has a $2.5 billion deficit that threatens to reach $11.4 billion by the end of the decade.

The scrutiny on underfunded plans will take several forms. The IRS is instructing its agents to pay close attention to underfunded pension plans. In addition, it will examine plans that receive waivers of the minimum funding rules to ensure compliance with regulatory requirements.

Also, IRS Assistant Commissioner John Burke reportedly told an IRS advisory group the agency will conduct a study on pension plan underfunding by the end of September 1994. The study, which will cover both private and public plans, is in response to concerns that there will be inadequate funding to pay benefits during the next 15 to 20 years.

In particular, a survey by the PBGC revealed the top 50 underfunded pension plans had shortfalls totaling nearly $22 billion, he reportedly said.

In addition, Mr. Burke spotlighted several other areas for increased IRS enforcement efforts:

- Plans with large amounts of assets invested in employer securities will come under scrutiny for possible prohibited transaction violations.

Given the current economic environment, "a lot of people are thinking about contributing employer securities to their plan," said A. Richard Susko, partner, Cleary, Gottlieb, Steen & Hamilton, New York. This new focus by the IRS could deter companies from using this strategy.

Also, the IRS said it will focus

See **IRS** *on page 29*

Investors still seek Soviet deals

By Margaret Price

AP/WIDE WORLD PHOTOS

What role, if any, Mikhail Gorbachev will have in the Commonwealth of Independent States is one of the questions investors face.

Despite concern about the future of the nascent Commonwealth of Independent States as it rises from the ruins of the former Soviet Union, some corporations and institutional investors still see alluring long-term investment opportunities in the region.

Digital Equipment Corp., Maynard, Mass., this month established a headquarters in Moscow, and the investment arm of Prudential Insurance Co. of America could make a commitment to Batterymarch Financial Management's Soviet Companies Fund as early as this month.

Kenneth E. MacWilliams, president of Prudential Equity Management Associates, Newark, N.J., said his firm is "seriously considering" investing an undisclosed amount of money in the Batterymarch fund if the still-unfinished documentation on the fund proves acceptable, and the investment wins board approval.

Beverly Hamilton, president of ARCO Investment Management Co., a unit of Atlantic Richfield Co., Los Angeles, said she remains interested in investing a small amount during the next year in the former U.S.S.R. "We are talking to Batterymarch" about its

See **Soviet** *on page 28*

Top 10 metropolitan areas

Vacancy rate	July '91	Employment growth	July '90-July '91	Years supply	July '91
Honolulu	4.2%	Omaha	4.2%	Honolulu	2.3%
Raleigh	12.4	Fresno	4.0	Raleigh	4.1
San Jose	13.0	Charleston	3.0	Seattle	4.5
Seattle	13.1	Tucson	2.8	Cincinnati	4.7
Sacramento	14.0	Wichita	2.5	Sacramento	4.9
San Francisco	14.3	Salt Lake City	2.5	Salt Lake City	4.9
Pittsburgh	14.7	Las Vegas	2.0	Columbus	5.1
Milwaukee	15.5	Denver	2.0	Austin	5.4
Portland, Ore.	15.7	Seattle	1.9	Kansas City, Mo.	5.6
Kansas City, Mo.	15.9	Columbia, S.C.	1.9	Oakland	5.7
U.S. total	**19.5%**	**U.S. total**	**-0.7%**	**U.S. total**	**10.7%**

Sources: Bureau of Labor Statistics, Washington, and Salomon Brothers Inc., New York

JOHN HALL

REAL ESTATE

Slow going seen for office leasing

■ Continuing layoffs and slow growth among white collar workers should mean only moderate growth in office leasing during the current decade, a Salomon Brothers Inc. report says.

As a result, the office vacancy rate — currently 19.5% — should be 18.5% over the next two years, the report said. The ideal vacancy rate is about 5%, consultants say.

In addition to overbuilding, some office markets also are suffering because of economic recession, including New York, Boston, Washington, Chicago and Los Angeles.

But because of slow demand for office space, even office markets with the best vacancy rates might experience declining rents and property values, the report said.

Office properties in the Northeast will remain among the most severely depressed. Conditions there are reminiscent of those of office markets in Oil Belt cities in 1987.

"At its worst at year-end 1987, the oil patch had 19 years of supply" of office space, the report said.

— Steve Hemmerick

FUTURES & OPTIONS

Contracts reach milestone mark

■ The Chicago Mercantile Exchange's Eurodollar futures contract surpassed the one-million open interest level, pushing the dollar value of outstanding contracts to more than $1 trillion.

Growth in open interest — the number of outstanding contracts at the end of a day's trading — is an indication of the volatility in the underlying Eurodollar market. The milestone was reached on Nov. 1, a month short of the contract's 10th anniversary.

Eurodollars, estimated at $3.5 trillion, are U.S. dollars on deposit in offshore banks. Used as a hedging instrument, the CME's Eurodollar contract allows banks and large corporations to "lock in" short-term interest rates. Firms with substantial interest rate exposure can use the futures contract to minimize risk.

About 90% of the large participants are considered "commercial-users," or firms doing business in the underlying cash market able to utilize futures contracts to manage price risk.

— Sabine Schramm

MONEY MANAGERS

New account carries added meaning

■ Reaching $100 million under management was important enough for Houston-based Smith, Graham & Co. Asset Managers, but it took on greater significance because the account that put them over that level didn't result from an emerging manager search.

The $140 million Kansas City (Mo.) Firefighters hired Smith, Graham, a minority-owned money manager, in November to manage a $16.3 million core fixed-income portfolio.

"The parameters of the search was to find a core fixed-income manager that doesn't take active duration bets or substantial duration bets," said Pat Gerrick, retirement administrator.

"We were chosen over some majority firms," said Gerald Smith, chief executive officer of Smith, Graham. "When you can get chosen over majority firms, people are really confident in you."

"One is very proud if achievement is made on experience and expertise," said Ladell Graham, president and chief investment officer.

Although confident in their abilities to compete with majority-owned firms, Messrs. Smith and Graham are not advocating an end to emerging manager searches or their exclusion from them.

"We realize that that is what got us where we are," said Mr. Graham. "We can't downplay it."

— Terry Williams

PAM FRANCIS

Investment managers Ladell Graham and Gerald Smith think they're starting to get recognized for their expertise and experience.

INVESTING

Investors hoping deal will shine

■ Three New York private market investors hope to bask in a recent equity stake.

Alan Patricof Associates Inc., Prudential Equity Investors Inc. and funds managed by Desai Capital Management, all based in New York, joined with management to purchase Sunglass Hut Corp., Miami, the world's largest sunglass retailer, for an undisclosed price.

Jack Chadsey, Sunglass Hut's president and chief executive officer, said the company will be able to expand rapidly as a result of the transaction.

The company's plans are to open 300 new stores during the next three years.

As a result of the investment, debt now represents less than 50% of the company's capitalization.

As part of the deal, Sanford Ziff, founder and former chairman, sold his remaining interest in the company.

In 1987, Mr. Ziff had sold a majority interest in the company to Desai Capital and another equity firm.

Mr. Chadsey and Jim Hauslein, chairman, are increasing their equity positions in the company through the transaction.

Alan Patricof's investment was through its APA Excelsior III venture capital fund. Among the fund's participants are a number of unidentified pension fund investors.

— Marlene Givant Star

This season's greetings wane

'Twas the week before Christmas
And both bosses and clerks,
Kept an eye on the mailbox
For those seasonal perks.

Though the markets were up,
The economy was grim.
Throughout the industry,
The mailings seemed slim.

Managers and consultants
Said: "Don't worry. Don't fear.
People just appear to be
More selective this year."

The end of the year usually brings a wave of holiday greetings — from books and fruit baskets to cards and confections. But this year's flow of yuletide tidings seems to have slowed to a trickle.

"By now, I usually would have received 10 pocket calendars. . . . I think I've received one," said an executive of a real estate investment management firm.

The decline appears to be more the byproduct of a heightened sense of propriety than the result of any fiscal belt tightenings.

"I don't think it's just recessionary," said a pension executive. "I think it's a sense of not wanting to appear garish."

The truly lavish gifts — with their not-so-subtle marketing messages — have been relegated to the realm of the Ghost of Christmas Past, replaced with practical items and toned-down promotions.

Still, some efforts are noteworthy for their creativity.

Frank Russell Co., the Tacoma, Wash., consulting firm, focuses on its Pacific Northwest location — past gifts have included canned salmon and ashes from the eruption of Mount St. Helens. Dallas-based Garrett Realty Advisors is sending cans of black-eyed peas, which, according to Southern lore, will bring good luck for a year if eaten on New Year's Day.

The item, it seems,
Is not judged for its worth,
But rather its skill
At spreading some mirth.

— Chuck Paustian

TED FUKA

INTERNATIONAL

Firms join forces in global venture

■ Henderson Administration Group PLC, London, and J & W Seligman & Co. Inc., New York, have formed Seligman Henderson & Co., New York, to offer international investment products to the U.S. institutional and retail markets.

Henderson will provide investment management and securities administration from London, and Seligman will provide marketing support and business administration. A committee of senior Henderson and Seligman personnel will oversee the joint venture. David Stein, managing director of Seligman, and Colin Day, managing director of Henderson International Ltd., London, will serve as co-chief executive officers.

The operation is expected to begin in mid-January following registration with the Securities and Exchange Commission. Seligman Henderson will be operated out of Seligman's New York offices.

According to Richard Garland, marketing director of Henderson International, the venture's first move will be to introduce an international mutual fund for Seligman's private clients.

"The reason we believe the new arrangement will work is because it's a coming together of equal partners," said Mr. Garland. He said Seligman has about $9 billion under management, and Henderson Administration, $13 billion to $14 billion.

— Margaret Price

INTERNATIONAL

International trailblazer hitches star to a new wagon

■ Karl Van Horn, a pioneer in international investment management and founder of Posthorn Global Asset Management Ltd., has formed a new firm, Arlington Capital Management, London.

Mr. Van Horn, chairman, said the new firm will take equity positions of sufficient size — from 10% to 30% — in smaller European industrial companies expected to benefit from the easing of borders in Europe.

He said the aim of the new firm is to provide a complementary investment opportunity to traditional Europe, Australia and Far East investments.

"We will invest 15 to 20 companies only in Western Europe, and we intend to have a board seat to help with strategy in addition to providing money," Mr. Van Horn said. "We are looking to raise 200 million ECU ($230 million to $240 million) for our first closed-end partnership." The partnership will have a life of eight years, he said.

Arlington will invest principally in manufacturing and construction companies — "where we think the action will be" — with market capitalizations of $50 million to $300 million, he said.

Arlington Capital Management directors Roland Bopp, left, Karl Van Horn, Brian Kimball and Michael Howell

Mr. Van Horn said Nomura Capital Management is sponsoring the fund in Japan, Rabobank Nederland is sponsoring it in Holland, and Hoare Govett is sponsoring it in the United Kingdom.

The other Arlington directors are Michael Howell, former general manager of GE Transportation Systems; Brian Kimball, former managing director and chief operating officer of Kidder Peabody's London operations; and Roland Bopp, former senior vice president of Mannesmann AG, Dusseldorf, the German industrial group.

— Michael J. Clowes

PROXIES

Voting system goes on-line

■ A paperless proxy voting system has been introduced by Fidelity Investments, Boston, and the Independent Election Corp. of America, New York.

General Electric Co.'s pension fund and Southeastern Asset Management are among the users of the product.

The product, called Proxy Edge, runs on a personal computer, consolidating on-line voting with record keeping and reporting. This allows customers to vote and update their records simultaneously. Using a computer and telephone line, customers vote electronic ballots instead of hard copy ballots in a confidential transaction with IECA.

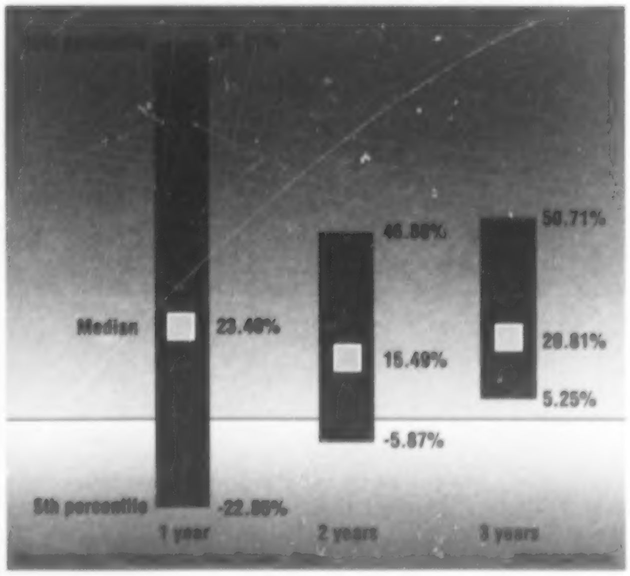
"As we enter the 1990s, institutional shareholders are taking new measures to ensure that their proxy voting responsibilities are fulfilled. Expanding regulatory requirements are placing greater demands on institutions. . . . These requirements are driving up the cost of compliance," said the promotional literature.

Electronic ballots eliminate the need for express mail, phone calls and facsimiles; minimize data entry for record keeping; and facilitate changes and revoting, according to the vendors.

— Marlene Givant Star

Tremont universe of limited partnerships

Returns for periods more than one year are annualized. All returns are before management expenses and performance fees.
(Periods ended Sept. 30)



REAL ESTATE

2 state funds in housing plan

■ Pension funds for the states of Connecticut and Pennsylvania are among the first two to participate with the Federal National Mortgage Association in its initiative to encourage affordable housing using the secondary mortgage market.

Connecticut recently committed $125 million to its State Treasurer's Affordable Residential — STAR — mortgage program.

The STAR plan, which was completed last month, lent an average of $127,000 to state residents, primarily first-time homebuyers, at 8½%. Most of the resulting mortgage portfolio will be swapped for a Fannie Mae security.

Pennsylvania completed a similar program in the fall of 1990.

Although the two state funds completed their programs before Fannie Mae Chairman James A. Johnson announced his "Home is Where the Needs Are" initiative, he cited both as one example of how the program would work.

There are four models for the program, according to Mr. Johnson.

- Structure transactions for mortgage-backed securities using standard Fannie Mae securities from a particular state as the underlying loan.
- Structure transactions using Fannie Mae programs with features for the needs of lower-income families, including low-down-payment mortgages and non-traditional qualification methods.
- Conduct transactions with mortgage products that include features for special housing needs, such as housing for the elderly.
- Lead a joint effort with state treasurers, investment bankers and pension funds to build a real estate mortgage investment structure that will provide short-term and long-term investment opportunities to support affordable housing.

— Terry Williams

INVESTING

For stable growth, check financials

■ Investors seeking stable growth company stock should look outside the consumer non-cyclical sector, research from Chicago Investment Analytics Inc. shows.

Consumer non-cyclicals (such as foods and beverages, household products, drugs and medical products and services) traditionally have provided stable, predictable earnings growth. But, the firm said, non-cyclicals have become more like growth stocks because of their expanding profit margins.

So the firm tried to find other companies with stable growth characteristics, including a market capitalization of more than $200 million and five-year annual (both historical and future estimated) earnings per share growth of more than 10% but less than 20%.

Researchers zeroed in on the financial sector, which is as out of favor as consumer non-cyclicals are in favor.

The firm found 25 stable growth financial companies vs. 35 stable growth non-cyclicals. Plus, the financial companies — such as banks, savings and loans, insurers, securities firms and real estate companies — and consumer non-cyclicals have very similar growth and risk characteristics. Yet the 1991 forecasted earnings per share for stable growth non-cyclicals is 17.3 vs. 12.9 for stable growth financials.

Stock prices were highly disparate between financial and consumer non-cyclicals. "We believe the only 'explanation' for these differences is that investors like the non-cyclicals and dislike financials," Chicago Investment Analytics's research report said.

"Investors shouldn't fall into the trap of automatically equating stable growth with the consumer non-cyclical sector," the report said. "Better values among stable growth companies can be obtained outside the consumer non-cyclical sector."

— Nancy K. Webman

COMPUTERS

Software puts it all together

■ Reuters, New York, has launched a new computer program — dubbed Decision 2000 — designed to help managers analyze fixed-income portfolios.

Key to the new system is that it can do single security analysis as well as complete portfolio analysis, said Robert J. Russel, vice president-marketing at Reuters.

"Most systems today either do single security or portfolio analysis," he said.

"There's nobody who puts everything in one place."

The system also includes live bond quotes provided by Reuters from about 800 different dealer contributors worldwide that can be integrated into the analysis programs, said Mr. Russel.

He said the user can choose which dealer's quotes the program will display, noting the importance of quick access to reliable bonds prices to institutional investors.

Decision 2000 is touted as doing both single security analysis and portfolio analysis.

According to Mr. Russel, the combination of available live quotes with both single and multiple security analysis means the portfolio manager can thoroughly analyze a bond and then see how its purchase would affect his or her portfolio quickly, using only one computer program.

"This is very much an active management tool," he said.

— Anne Schwimmer

CONSULTANTS

Changing of the guard at Segal

■ Robert D. Paul has been named chairman of Martin E. Segal Co., the employee benefits consulting firm. He is succeeding the firm's founder, Martin E. Segal, who will be chairman emeritus.

Mr. Segal founded the firm more than 50 years ago years ago. Mr. Paul joined it 41 years ago as an administrative assistant and group benefits analyst.

R. Paul

M. Segal

Mr. Segal came to the United States from Russia at age 5 and started work at age 11 to help support his family. He founded the Segal Co. in 1939 and served as its president and chief executive officer until 1967, when he became chairman. From 1967 to 1982, Mr. Segal also was a partner in the investment banking firm of Wertheim & Co.

Mr. Paul joined Martin E. Segal Co. after graduating from the University of Michigan in 1950. He was named president and chief executive in 1967 and vice chairman in 1977.

— Michael J. Clowes

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Investors to Bush: Hands off the economy

AP/WIDE WORLD PHOTOS

President Bush should avoid the temptation to meddle with the economy, pension executives and money managers say.

President urged to think of long-term incentives

By Curtis Vosti and Terry Williams

President Bush need not take politically expedient election-year measures to jump start the economy, pension executives and money managers say. The Federal Reserve Board's latest interest rate cut will do the job, they add.

Any action the president takes to help the country dig out of the recession should be long term, such as incentives for saving and investment, according to the two dozen professionals interviewed by *Pensions & Investments*.

Still, many of those interviewed believe the November elections will force President Bush to act.

"I think it's inevitable in an election year that politicians from both parties will do everything possible to get the economy moving," said Richard Crowell, chief investment officer of PanAgora Asset Management, Boston. "The reason is incumbents want to be re-elected, which is easier to do when the economy is doing better. The question isn't should he or shouldn't he. He will."

Roland Machold, director of the New Jersey Division of Investment, Trenton, said he fears the economy will become hostage to political agendas. "The Democrats have the individual retirement account, and the Republicans have the capital gains reduction," he said. "None of these things has anything to do with the economy. They are being advanced for the political agenda of the parties. What is needed is to encourage capital spending."

That's just what the Federal Reserve did when it lowered rates, according to Tom Cowhey, executive director for trust investments for Bell Atlantic Corp., Philadelphia. "The Federal Reserve has taken positive action to encourage investments. To get the economy going again, actions need to be done to encourage long-term investing that would not be inflationary," Mr. Cowhey said.

"I don't know what the president could do. The Federal Reserve is carrying the ball," said David Bronner, chief executive officer of the Retirement Systems of Alabama, Montgomery.

But many expressed some fear that short-term measures, like the proposed one-year cuts in either the income or Social Security taxes, would not work as expected, and thus exacerbate an already huge budget deficit.

"I think he ought to wait a little while longer," said Neil T. Eigen, chief investment officer with Bear Sterns Asset Management, New York. He said he favors slow growth because it doesn't place pressure on interest rates or cause inflation. "What we are seeing is a lot of people getting nervous that the economy won't grow rapidly. Slow growth doesn't disturb me."

Mr. Eigen said he fears a quick-fix action such as a tax cut. "I would like to wait and see if lower interest rates work. Give it at least three more months," he said.

Robert Manning, vice president and chief economist for Axe Houghton Management Inc., Tarrytown, N.Y., said he doesn't think there's much President Bush, or Congress, can do. "As

See **Bush** *on page 30*

AT DEADLINE

Pension exec leaves Kodak

A. Duff Lewis Jr., pension investment coordinator at Eastman Kodak, has joined Rogers, Casey & Associates as a member of its alternate investment group. Mr. Lewis will be replaced by Robert D. Spooner, an 18-year Kodak veteran who had been a financial analyst for the company.

U.K. fund earnings up

Average 1991 returns of U.K. pension funds are expected to exceed 16%, according to initial estimates of The WM Co.

Total asset returns for 1991 are significantly above the inflation indicators of the Retail Price Index at 5% and the Average Earnings Index of 7%. The firm estimates a real return for British funds of more than 10%.

The top performing asset classes were overseas equities, returning an estimated 20.6%, and U.K. equities, 20.1%. U.K property, with an estimated −0.2%, was the worst performer.

Manager retires

Kenneth L. Holmes, vice president and sales manager at Meridian Investment Co., has retired after a 37-year career in investment management.

Chase names global head

Mark Tennant, former chairman of Bell Laurie White & Co. Ltd., a subsidiary of Hill Samuel Investment Management Group, has been named head of Chase Manhattan Bank's new global securities service office in Edinburgh, Scotland.

Market rally sustainable, execs declare

By Barry B. Burr and Fred Williams

The Federal Reserve-provoked decline in interest rates will continue to fuel the stock market rally — and create havoc for fixed-income investors.

Investors are buying dividend-attractive stocks and longer maturity bonds as low short-term interest rates force them out of cash.

The resulting stock market rally — the Dow Jones industrial average gained 258.27 points since the discount rate was slashed Dec. 20 — is sustainable, according to market watchers interviewed by *Pensions & Investments*.

Meantime, 1991 was "an absolute home run" for bond investors, said Althea Duersten, senior vice president of Bank of New York, with returns above 14% for broad-market bond funds.

Analysts said the rallies in both stocks and bonds are being fueled by unusual, albeit man-made, factors. Among them:

- The Federal Reserve Board has cut the discount rate six consecutive times in the last 12 months, only the sixth time in its history it has made so many successive reductions.
- The yield curve is so steep Treasury bond yields are more than double Treasury bill yields, a situation not seen since the 1950s, said Robert D. Arnott, chief investment officer, First Quadrant Corp., Pasadena, Calif. By another measure, the curve is so steep, T-bonds now yield more than four percentage points over T-bills. The typical difference is about 1½ points.
- About 35% of the stocks on the New York Stock Exchange yield more than T-bills, "a surprisingly high number," Mr. Arnott added.

For fixed-income investors, the prime problem now is that reinvestment rates are plummeting.

The reinvestment risk for many existing guaranteed investment contracts due to expire soon is "staggering," said Jason Psome, principal, Brentwood Asset Advisors, Santa Monica, Calif.

For example, GICs with three-year maturities still are 50 to 70 basis points over Treasuries, but, he said, "we are talking about some very low rates." A high-quality five-year contract is about 6.6%.

Reinvestment risk has height-

See **Decline** *on page 26*

AT&T funds huge retiree health costs

By Hillary Durgin

BASKING RIDGE, N.J. — American Telephone & Telegraph Co. is spending $550 million to begin to pre-fund its estimated $5.5 billion to $7.5 billion in post-retirement medical liabilities.

AT&T likely will set aside $500 million annually over the next few years to offset the liability and pay post-retirement health expenses, now estimated between $35,000 and $40,000 per employee, said James A. Heller, investment director, AT&T Investment Management Organization.

The assets AT&T is setting aside to pre-fund are in addition to the $500 million in retiree medical claims the company pays annually, Mr. Heller said.

"By the latter part of this decade we ought to have enough money in trust funds to completely defease the retiree liability," Mr. Heller said. "We're ahead of a lot of folks in that we are attempting to build trust funds for the purpose of offsetting part of

See **AT&T** *on page 28*

AT&T's post-retirement health obligations now are being pre-funded, with $550 million set aside in 1991.

NEWS DIGEST

TOM REED

The Oregon Public Employes Retirement System's Jim George, reflecting on his 25-year tenure at the fund, says he enjoyed himself so much he "would have done it for free." Page 6.

SPECIAL REPORT: DEFINED CONTRIBUTION PLANS

Cash balance plans should get a boost from the publication of Internal Revenue Service regulations. Page 17.

Corning Glass Works is on the growing list of proponents of employee stock purchase programs. Page 17.

401(k) plan sponsors are faced with the pros and cons of bundled services. Page 17.

FINANCING

Investors found success in many places during 1991, especially with new issues. Page 2.

INTERNATIONAL

Overseas investments are seen growing 25% to 30% for at least the next four years. Page 3.

REAL ESTATE

Equitable Real Estate faces $600 million in withdrawal requests. Page 2.

No recovery is forecast for office space demand, meaning property returns will remain weak. Page 3.

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Investors score with IPOs

Buy-outs, high-yield bonds part of year's stellar deals

By Anne Schwimmer

DEALS
OF THE
Year

Investments in new issues by small, but fast-growing, U.S. companies made superb home runs in 1991, institutional investors say.

Among the winners: **AutoZone Inc.**, **Royal Appliance Manufacturing Co.** and **Syquest Tech**.

"When the economy is performing, then everybody's getting pulled along," said Ray Hirsch, senior portfolio manager at IDS Financial Services, Minneapolis. "But when the economy is stagnating . . . you have to have something really different to extract more dollars out of a company that's stagnating. For a big company to have something like that is really difficult. But a small company that's starting up, if they can come up with a better mousetrap, people will beat a path to their door."

Many of these home runs surfaced in last year's wave of initial public offerings and secondary offerings by emerging growth companies.

In addition, investors cite the returns garnered by equity investments in leveraged buy-out partnerships and the strong rally in the high-yield bond market as good investments of 1991.

(Some deals — such as Time Warner Inc.'s disastrous rights offering — were singled out as choices for the worst deal of the year. See related story page 27.)

According to David Shinn, managing director at CIGNA Investments Inc., Bloomfield, Conn., one of the most interesting — read profitable — deals of the year was the 3.25 million share IPO brought by AutoZone. AutoZone was bought out by Kohlberg Kravis Roberts & Co. in 1984. The IPO and a secondary offering sold 40.2% of the company to the public, with KKR retaining a 59.8% controlling stake in the auto parts retailer.

The company, which estimates sales of $970 million for 1992, has a market capitalization of about $2 billion, Mr. Shinn said.

"The most important reason from the perspective of a shareholder is that the stock has done extremely well," Mr. Shinn said.

See **Deals** *on page 27*

Minorities seek federal assets

Managers learning 'how to play game'

By Hillary Durgin

WASHINGTON — Spurred by their victories in gaining access to the hiring processes at state and local pension funds, minority- and woman-owned money management firms are targeting more than $371 billion in federal assets.

While these young and mostly small firms face some of the same obstacles encountered at state funds, the peculiarities of investing federal assets — combined with the government's labyrinthine bureaucracy — make breaching the barriers doubly difficult.

Still, these managers want a crack at the federal pot, which includes the mammoth $259 billion Civil Service Retirement System, the $93.7 billion Department of Defense Military Retirement Fund, the $10.6 billion Federal Retirement Thrift Investment Board, the $4.2 billion Pension Benefit Guaranty Corp. and various non-appropriated defense funds with assets totaling $3.8 billion.

"There are tremendous pools of money," said Maceo Sloan, chief investment officer at NCM Capital Management Group Inc., Durham, N.C. Mr. Sloan also is founder and chairman of the National Investment Managers Association.

"We all know there's got to be a lot there, but none of us is sure what it is or where it is," he said. "It's just a matter of learning how to play the game."

Women and minority managers, however, are not only trying to learn the game but also, with the help of some members of Congress, trying to rewrite the rules.

Unlike other government agencies and their contractors, retirement and welfare funds overseen by federal agencies have no set-asides, quotas or goals. And while the minority investment management community is divided over whether such affirmative action initiatives are appropriate, what they want most of all is the chance to compete.

"We're not talking about favoritism or minority preference," said Marx L. Cazenave, president of Progress Investment Manage-

See **Federal** *on page 29*

Fund faces $600 million drain

By Steve Hemmerick

Institutional investors, increasingly uneasy with a worsening outlook for real estate, are standing in line to withdraw more than $600 million from the Equitable Prime Property fund, the nation's largest commingled real estate investment fund.

Officials of Equitable Real Estate Investment Management, New York, deny the more than $600 million in withdrawal requests is a record for the fund, but it is the largest publicly revealed amount for any fund. In fact, most commingled real estate funds have less than $600 million in assets.

The Prime Property fund situation illustrates how pension fund investors and real estate money managers are being pulled in different directions. Some investors want to raise cash from real estate; others want to remain in the commingled funds; and money managers contend they need operating cash to fight for tenants and retail market share in fiercely competitive, overbuilt markets.

At the same time, say consultants and money managers, managers can't sell much property to raise cash to meet withdrawal requests because the bottom has dropped out of the real estate market.

Paul Saylor, a principal in the Atlanta office of the real estate consulting firm Institutional

See **Property** *on page 31*

Southdale Mall is one of the Prime Property holdings benefiting from Equitable Real Estate's mall enhancement program.

PEOPLE

Economist drawn to lights and smell of grease paint

■ By day a mild-mannered economist, Carolyn Kay Brancato by night is a playwright and director.

The executive director of Columbia University Law School's Institutional Investor Project recently wrote and directed "Clear and Present Danger," a one-hour production of readings celebrating the First Amendment.

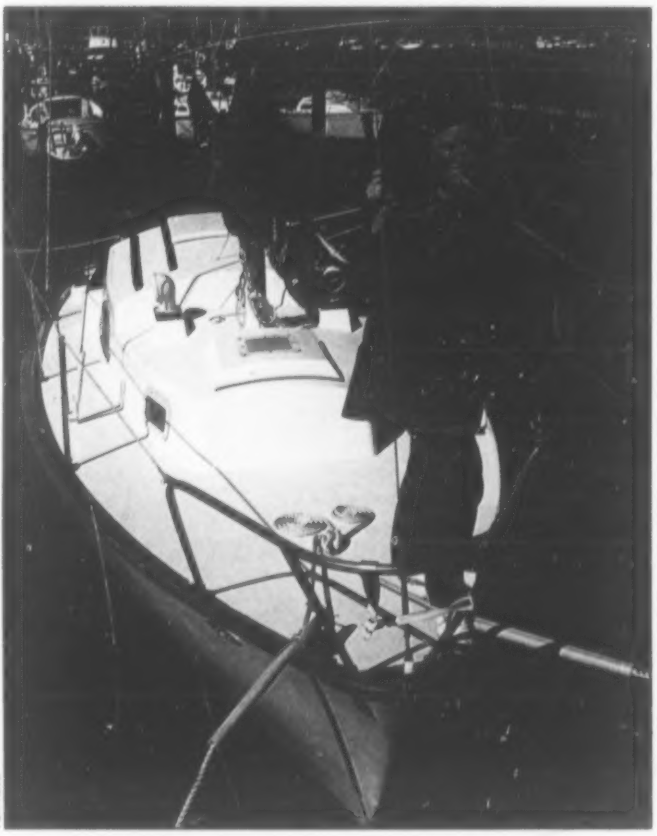
Presented as a benefit on behalf of the National Coalition Against Censorship, the theatrical event featured readings by such celebrities as Planned Parenthood President Faye Wattleton, young adults' author Judy Blume, Playboy Enterprises Chairman and Chief Executive Officer Christie Hefner, and actors Eli Wallach and Anne Jackson.

Also, introducing the performance and one of four co-chairs of the event was Ira Millstein, senior partner at the law firm of Weil, Gotshal & Manges and chairman of the Institutional Investor Project.

But the work won't stop there. Stemming from the New York production, Ms. Brancato will serve as artistic director of a new Washington-based non-profit theater group focusing on political and social issues.

Her next project: Producing another play she wrote that chronicles the turn-of-the-century arrest of a Russian traveling circus in Germany for mocking Kaiser Wilhelm. The circus' offense, based on a true story, was to train its pigs to mimic the royal family.

— Joel Chernoff


TOM REED

When she's not watching economic indicators, Carolyn Kay Brancato is a playwright and director.

COMPENSATION

Report scrutinizes executives' pay

■ Time Warner's Steven Ross and N.J. Nicholas, ITT's Rand Araskog, IBM's John Akers, Dial's John Teets, Champion International's Andrew Sigler and American Express' James D. Robinson III were awarded the dubious honor of "black hats" in terms of executive compensation by the Council of Institutional Investors.

The characterizations were by Graef S. Crystal, adjunct professor at the University of California, Berkeley, and editor of "The Crystal Report on Executive Compensation," based on his own analysis of what top executives of the 500 largest U.S. companies should be paid.

Executives of the largest of the 500 companies with pay that was most out of line with performance were categorized as 1991's black hats. Another 12 companies had "white hat" top executives, with very modest pay relative to performance.

In the whole universe of companies, less than 5% of pay differentials were attributable to performance, in terms of total shareholder return over 10 different time periods from one year to 10 years.

Institutional investors increasingly have been focusing on executive compensation in shareholder activism campaigns. Several companies have responded to the pressure. ITT announced it would change its compensation structure and American Express cut its CEO's compensation in 1990 in response to a downturn in corporate performance.

— Marlene Givant Star

ACTUARIES

Hewitt found not liable for damages

■ Hewitt Associates is not liable for fiduciary damages as actuary for the Kaiser Steel Retirement Plan, a federal appeals court has ruled.

Kaiser Steel Corp., Colorado Springs, Colo., which had hired Hewitt, Lincolnshire, Ill., to perform actuarial work for its salaried retirement plan, restructured its operations in 1980, virtually eliminating its steel-making operations. A resulting surge in early retirees significantly increased the plan's costs. Plans do not advance fund early retirement benefits because they are viewed as contingent liabilities.

But Hewitt did not change the actuarial assumptions for the Kaiser plan. Rather, the responsibility for setting assumptions had been delegated to Kaiser.

In February 1987, the plan — with $27 million in liabilities and no assets — was terminated by the Pension Benefit Guaranty Corp. Participants' early retirement benefits, which are not guaranteed by the agency, were wiped out. In one case, a worker's monthly pension check was reduced to $521 from $2,016.

Upholding a federal district court, the 9th U.S. Circuit Court of Appeals in Pasadena, Calif., ruled Hewitt, as a service provider, was not a fiduciary to the plan, and that only the Secretary of Labor — not plan participants — can bring actions against nonfiduciaries. The case was remanded to a lower court to consider a state law claim of professional negligence against Hewitt.

— Joel Chernoff

INTERNATIONAL

Funds expected to boost holdings

■ Two-thirds of the fund executives responding to a recent survey by SEI Capital Resources said they expect to increase their international holdings this year.

In addition, 82% of the respondents said international investing should become more attractive.

SEI, Wayne, Pa., surveyed more than 200 executives of corporate, public and Taft-Hartley pension, endowment and foundation funds at a recent seminar on international investing. The firm received 133 completed questionnaires.

Of those responding, 83% said diversification and potential return was the reason to invest abroad. Only half, however, now invest overseas.

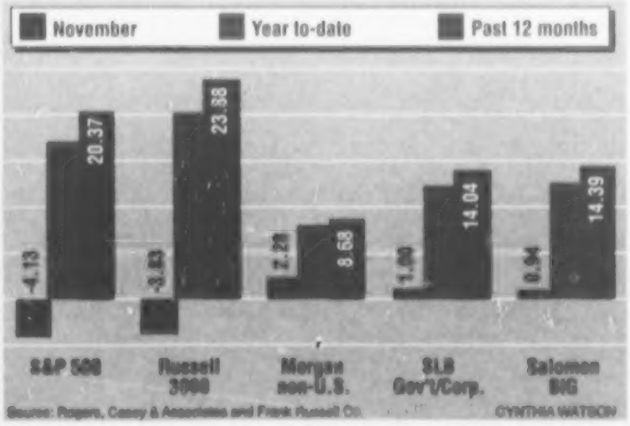
Of those investing internationally, 45% use one international manager; 26%, have hired two firms; and 10% use three advisers.

Also, 40% of the respondents used a core strategy and 42% hedge their currency positions.

— Chuck Paustian

Pensions & Investments' indexes

The P&I monthly indexes track changes in the Standard & Poor's 500 Stock Index, Frank Russell Co.'s Russell 3000 Stock Index, the J.P. Morgan non-U.S. Government Bond Index, the Shearson Lehman Brothers Government/Corporate Bond Index and the Salomon Brothers Broad Investment Grade Bond Index.



Source: Rogers, Casey & Associates and Frank Russell Co.

CYNTHIA WATSON

COURTS

Supreme Court asked to review excise tax case

■ The trustees for the estate of Mansfield Tire and Rubber Co. have asked the U.S. Supreme Court to review a case that could affect the treatment of pension excise tax claims in bankruptcy cases.

Attorneys for the trustees are challenging the priority status granted to pension excise tax penalties imposed by the Internal Revenue Service. They believe unsecured creditors are entitled to a greater share of a bankrupt company's estate.

Such excise taxes often are imposed on bankrupt companies that fail to meet their pension obligations, said H. Jeffrey Schwartz, a partner with the law firm of Benesch, Friedlander, Coplan & Aronoff, Cleveland, which represents trustees of the Mansfield estate.

Mansfield Tire, Mansfield, Ohio, failed to meet its minimum pension contributions from 1976 to 1979. The IRS subsequently hit the company with excise tax penalties of 5% to 10% of the amounts due; the agency filed a priority claim in Mansfield's bankruptcy case of $363,111.20.

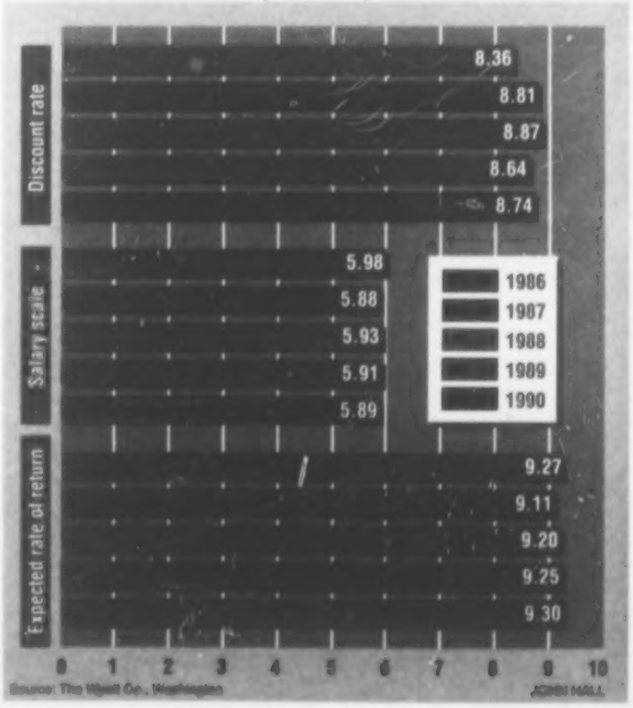
While the bankruptcy court and a federal district court ruled the excise tax claims did not deserve priority over the claims of other creditors, the 6th U.S. Circuit Court of Appeals overturned those rulings.

The IRS declined to comment on the litigation.

— Joel Chernoff

Trends in actuarial assumptions

(1986-1990)



Source: The Wyatt Co., Washington

JOHN HALL

January 20, 1992

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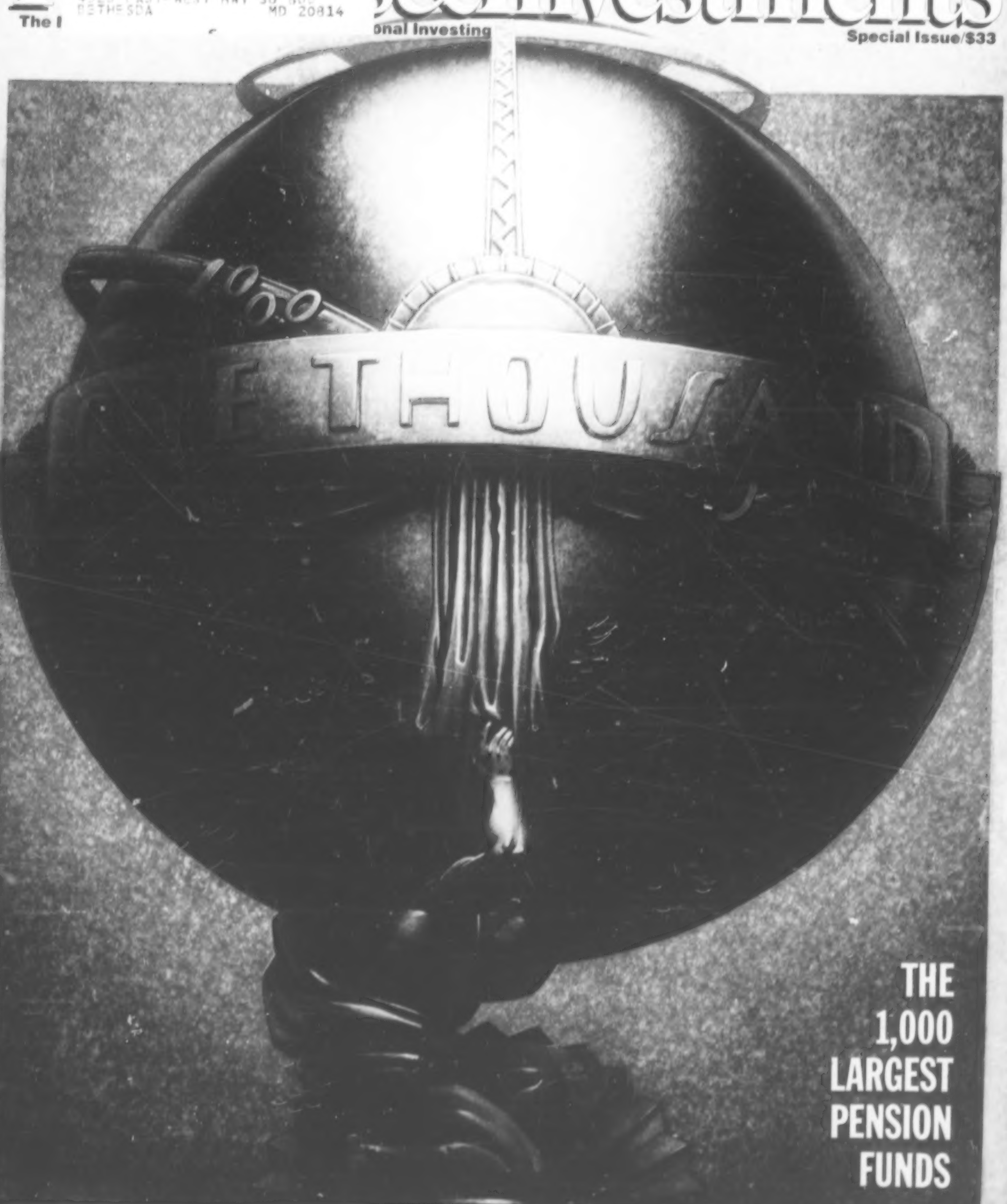

THE 1,000 LARGEST PENSION FUNDS

NEWS DIGEST

DEWITT F. BOWMAN

LINDA SUE SCOTT

DeWitt Bowman, chief investment officer of the California Public Employees' Retirement System, is tackling a new investment frontier — development of single-family housing. Page 4.

SPECIAL REPORT: THE TOP 1,000 FUNDS

Assets of the nation's 1,000 largest pension funds rise 16.6% — to $2.188 trillion as of Sept. 30 — boosted largely by kind capital markets. Page 1.

International investments by the Top 200 U.S. pension funds gallop ahead, spurred by strong markets and continuing new and expanded outlays. Page 17.

FINANCING

The Pennsylvania Public School Employees' fund invests $100 million in a private placement issued by a worldwide aircraft leasing firm based in Ireland. Page 2.

INTERNATIONAL

U.S. pension funds could again suffer underperformance in major overseas stock markets if the dollar rises and the markets don't shed their woes. Page 81.

REAL ESTATE

Retail properties in the Russell-NCREIF Property Index score their first negative total return in the index's history, while apartments lead all property types. Page 8.

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Adviser survey gets under way

Questionnaires for *Pensions & Investments'* annual survey of investment managers will be mailed shortly. The completed forms, to be used for a special issue published May 18, must be returned by Feb. 25. If you want to be on the mailing list, or if you have any questions, contact Christine Philip, directory coordinator, at (312) 649-5217.

Fund boosts private deals

Irish placement is 3rd for Pennsylvania Public Schools

By Barry B. Burr

HARRISBURG, Pa. — The Pennsylvania Public School Employes' Retirement System invested $100 million in a private placement issued by GPA Group PLC, a leading worldwide aircraft leaser based in Shannon, Ireland.

The pension fund's purchase of a new issue of convertible cumulative preferred stock gives it the equivalent of 2.5% ownership and makes it GPA's 10th largest shareholder on a fully diluted basis, according to Richard H. O'Toole, GPA managing director-corporate affairs.

The GPA deal was the third — and largest — privately placed issue in which the Pennsylvania fund has invested since it began doing private placements directly with issuers about six months ago, said John C. Lane, the system's chief investment officer.

The pension fund hopes to place 2%, or $400 million, of its $20 billion in assets into private placements by the end of 1992, he added, believing it's an asset class ripe with opportunities to make above-average returns. In the three deals, the fund has invested a total of $175 million.

"There is a void left out there from insurance companies and banks," said Mr. Lane. "They are staying away because of equity problems." As a result, "we're getting the cream of the crop" of private placement deals to consider, he added.

The $400 million goal, if reached, would rank the Pennsylvania system's private placement program as the seventh largest among the U.S. largest pension funds, according to *Pensions & Investments'* annual report on the 1,000 largest pension funds.

Its two other direct private placements were completed in the third quarter of last year, Mr. Lane said. Its first was a $50 million debt issue by Adult Community Total Services, West Point, Pa., a company that operates retirement complexes in Pennsylvania, Florida and North Carolina. The debt has an incentive kicker that gives the fund a share of the proceeds of the sale of each housing unit.

In its second deal, the fund bought a $25 million equity stake in the form of a convertible preferred stock, issued by College Construction Loan Insurance Association, Washington. Connie Lee, as it is known, is an insurer of buildings used by educational organizations.

"The pension fund's private placement program seeks out well-run, quality growth companies with proven management," Mr. Lane said, emphasizing the fund's high regard for GPA's management.

Two consultants — Weymouth & Associates, Radnor, Pa., and Blue Bell Corp., Blue Bell, Pa. — assist fund officials in analyzing private placements.

The GPA deal, which was closed Dec. 31, was placed by Merrill Lynch & Co., New York. It was GPA's first direct placement with a pension fund, Mr. O'Toole said. The deal wasn't made under Rule 144A, which allows some restricted trading in privately placed issues. Rather, he said, "This was a pure private placement, with a single sophisticated investor."

GPA, which Messrs. Lane and O'Toole call the leading aircraft leaser in the world, issued $100 million in new convertible cumulative preferred stock, convertible no later than 2002 into common

See **Private** *on page 82*

Active managers finally top market

Small-cap stocks, good sectors pay off

By Fred Williams

Most active equity managers outperformed the stock market in 1991 for the first time since 1988, largely because they were invested in smaller stocks and better performing sectors.

For the 12 months ended Dec. 31, 53% of the managers in the INDATA universe outperformed the benchmark Standard & Poor's 500 Stock Index. In 1990, only 46% of the INDATA managers outperformed the S&P.

Executives of other consulting firms said their statistics are likely to show active managers in their universes outperformed the market last year. At press time, however, none was able to provide year-end numbers.

Carter Harrison, executive vice president at DeMarche Associates Inc., Westwood, Kan., said he expects between 55% and 60% of active stock managers in DeMarche's universe to beat the S&P 500.

Michael Wright, consultant with Wyatt Asset Services, New York, said 75% of the 81 money managers reporting year-end results to Wyatt so far have outperformed the S&P. For the first nine months of the year, about 60% of the 425 money managers in the Wyatt universe outperformed the index.

For the first nine months of 1991, 54% of the approximately 500 equity managers in the Wilshire Cooperative data base outperformed the S&P, said Richard Holbein, principal at Holbein Robertson & Associates, a Dallas consulting firm.

"We are in an era again when being large is no longer beautiful. The market is shifting to a cyclical stage, where medium- and small-capitalization stocks should again outperform the large caps, and it should stay that way for several years," said Mr. Holbein. Many equity managers are more heavily weighted in smaller stocks than is the S&P.

Only four industry sectors — consumer cyclicals, consumer staples, financials and transport and services — outperformed the S&P 500, which was up 31.2% for the year.

Equity managers were overweighted in transport and services and financials, market weighted in consumer cyclicals and near market weighted in consumer staples, according to William T. Kennedy, president of the Atlanta pension consulting firm W.T. Kennedy Inc.

Mr. Kennedy analyzed the data from INDATA, a Southport, Conn., equity research service with 1,200 active equity managers with total assets of $228 billion in its universe.

Mr. Harrison cited several reasons for the improved performance of active stock managers.

"Foremost is that the market has shifted dramatically. . . . We went from an asset-play market to a growth market, where earnings fundamentals became more important to stock prices. This is the type of market where active managers can use their expertise," Mr. Harrison said.

In addition, he said, the market trends shifted toward rewarding risk, allowing managers to turn to small-cap stocks, higher price-earnings and lower yielding

See **Active** *on page 84*

Insurers pressured on GICs

By Anne Schwimmer

Pension funds stepped up pressure on insurance companies following a Minnesota Guaranty Board decision to make up losses suffered by state residents whose pension funds hold GICs issued by Executive Life Insurance Co.

Pension fund members of the Group Annuity Participant Protection Association, which represents $770 million of the approximately $1.1 billion in Executive Life pension guaranteed investment contracts, reacted to the Minnesota decision by lobbying individual insurance companies to ask other guaranty associations to make up the shortfalls. If all pension fund GIC holders are made whole, it would cost about $308 million.

James Corcoran, a partner at Wilson, Elser, Moskowitz, Edelman & Dicker, New York, said GAPPA members are threatening to stop buying GICs from those insurers if the contract holders truly are not guaranteed their principal.

Mr. Corcoran formerly was superintendent of insurance in New York state.

He said GAPPA members are meeting with executives from Prudential Insurance Co. of America, Metropolitan Life Insurance Co., New York Life Insurance Co., Massachusetts Mutual Life Insurance Co. and John Hancock Mutual Life Insurance Co.

See **GICs** *on page 83*

PEOPLE

Monks forgoes pennies, offers his thoughts on world

TOM REED

Activist Robert Monks says his "feelings got hurt" in his fight with Sears Chairman Edward Brennan.

■ Robert A.G. Monks is criss-crossing the country to drum up interest in a commingled fund he hopes will influence corporate governance practices.

Never one to shy away from an opinion, Mr. Monks also offered up these tidbits:

- On Henry Kravis, the leveraged buy-out whiz: He's "a monster," not just a rich person. The difference: A monster is "someone who needlessly inflicts pain on someone."
- On running for a seat on the Sears, Roebuck & Co. board: "I didn't like it . . . Frankly, my feelings got hurt." Edward Brennan, Sears' chairman, used "low-class stuff" to discredit him, Mr. Monks said.
- On consulting firms: "ERISA, a wonderfully idealistic statute in a lot of ways, has some very negative characteristics. And one of them is that is has enriched an industry of people that are not terribly productive, i.e. consultants. Everyone has to go to them to get their approval or else they'll feel obligated to destroy you in order to prove that they're powerful."
- On the economy and the use of pension funds: "There's no way to have a pension system that is healthy when the economy isn't healthy," Mr. Monks said. He dismissed proposals to stimulate business investment through tax credits, saying: "Half the world is tax exempt." He said pension assets represent "a ton of liquid money that is available" for investment.
- On Robert Monks: "Once I can make the credible connection that governance can make money, I'll be fine."

— Nancy K. Webman

INTERNATIONAL

DAM acquisition fills product gap in Alliance line

Carol Zipkin said passive, small-cap products should do well in coming months.

■ Alliance Capital Management L.P. has added a passive international, small-capitalization equity approach to its index fund capability after acquiring London-based Dimensional Asset Management Ltd. in December.

"This was the one area in which we had not secured any appointments," said Carol Zipkin, senior vice president at Alliance.

DAM, now a subsidiary of New York-based Alliance, provides advisory services to pension funds in the United Kingdom, continental Europe and Australia as well as passive small-cap management of international equities for U.S. institutions. "DAM's small-company products round out Alliance's overall index product line by serving as complementary investments to clients with large-cap international/global passive investments," said Dave Williams, Alliance chairman.

Ms. Zipkin said no U.S. clients have signed on as yet but noted the passive small-cap international offering at Alliance has only recently become available, and noted passive small-cap products are expected to perform well in coming months.

DAM was acquired from former parent Dimensional Fund Advisors Inc., Santa Monica, Calif., and managed about $335 million.

— Fred Williams

CREDIT RATINGS

D&P expects '92 to be good year

■ Improvements in credit ratings ought to continue this year after an improving trend in 1991, especially in the fourth quarter, according to Duff & Phelps Credit Rating Co., Chicago.

After successive years of credit downgrades vastly outnumbering upgrades, Paul J. McCarthy, the rating firm's president, expects more equality in corporate and other debt ratings. Assuming no worsening economic decline, he said investors can look forward to rating improvements because of, among other factors, continued deleveraging and a lower interest rate environment.

Also, many firms downgraded during the 1980s will be able to successfully implement corrective plans or benefit from continuing industry consolidation.

In 1991, upgrades improved from the previous year, marked by a positive fourth quarter. Downgrades outnumbered upgrades by 111 to 83, meaning a lowering of 57% of the ratings.

In 1990, downgrades outnumbered upgrades by 169 to 39, and downgrades accounted for 82% of all rating changes.

"Although this (fourth quarter tally) appears optimistic, it primarily reflects corrective actions being taken on the part of previously highly leveraged companies," said Mr. McCarthy.

— Barry B. Burr

Pensions & Investments' indexes

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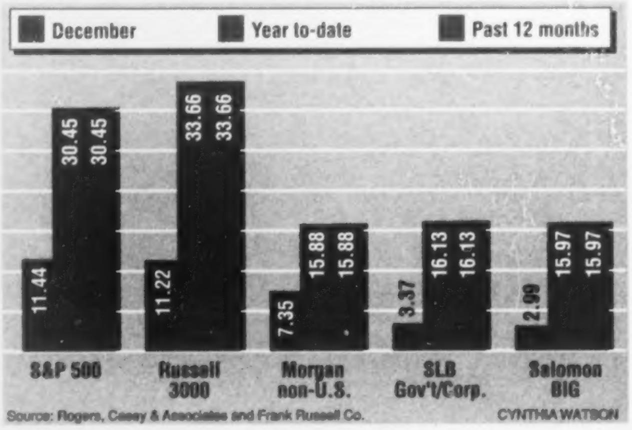


Source: Rogers, Casey & Associates and Frank Russell Co.

CYNTHIA WATSON

COMPENSATION

Investors want share of reward

■ Institutional investors aren't concerned about the fat paychecks some top executives receive, as long as shareholders are making money too, according to Georgeson & Co. Inc., New York.

Georgeson, an investor relations firm, found 61% of the institutions surveyed oppose limiting executives pay to a specific dollar amount. Only 24% endorsed establishing pay ceilings based on a multiple of average employee salary, as is done in Japan, while 50% were opposed to the idea.

Still, 70% of those surveyed want compensation limits based on return to shareholders measured by dividends and share value, 67% favor limits on salaries based on annual profits and 80% want to reduce the top executives' salaries if corporate profits drop.

Of those surveyed, 58% oppose direct voting by shareholders on compensation levels for senior executives, while 66% approve of the use of independent compensation committees.

The survey polled 56 of the largest U.S. institutional investors that own stock in medium- to large-capitalization companies.

— Anne Schwimmer

Investors want pay-performance link

(% of institutions that responded)

Corporate policies	Stongly favor	Favor	Neutral	Disfavor	Stongly disfavor
1. Direct voting by shareholders on compensation of most highly paid officers	12.7%	16.4%	12.7%	40.0%	18.2%
2. Establishment of a ceiling on executive compensation					
a) Fixed dollar threshold	5.6	11.1	22.2	[illegible]	[illegible]
b) Limitation based upon multiple of average employee's salary	3.7	20.4	25.9	27.8	22.2
c) Limitation based upon annual profits	16.4	50.9	10.9	7.3	14.5
d) Limitation based upon return to shareholders through dividends and share value	28.6	41.1	14.3	5.4	10.7
3. Reduction of overall compensation if the company's performance worsens	41.8	38.2	10.9	5.5	3.6

Source: Georgeson & Co. Inc., New York

CYNTHIA WATSON

REAL ESTATE

Retail returns negative for quarter

■ Retail properties in the Russell-NCREIF Property Index scored their first negative total return in the history of the index, while apartments continued to lead all other property types in third-quarter performance.

For the quarter ended Sept. 30, retail properties, which include a substantial amount of regional malls, scored a total return of −0.02%.

The negative return for retail properties is particularly bad news for pension and other tax-exempt investors, who have been depending on retail properties to offset the continuing poor performance of office properties.

The retail property figures don't include the 1991 holiday buying season, which unofficially began the day after Thanksgiving. But retailers have been reporting generally flat holiday sales.

For the third quarter, retail properties fell sharply in value, down 1.51%. The income return almost offset the decline in appreciation scoring a positive 1.49%.

Despite the current downturn, retail properties have outperformed all other property types with a 7.2% total return over three years. The composite index total return for three years is 2.7%.

Apartment properties had a positive return of 0.5% for the third quarter, composed of a 1.7% income return and −1.2% appreciation return.

The three-year total return for apartments is also good at 5%.

The Russell-NCREIF index measures the performance of $22.62 billion in real estate held by tax-exempt investors.

— Steve Hemmerick

DATA BASES

Group compiles detailed data on public funds

■ The average public pension fund is 85% funded, on the basis of its projected benefit obligation, information from a new data base shows.

The data base — PENDAT — was developed by the Public Pension Coordinating Council, a coalition of several organizations.

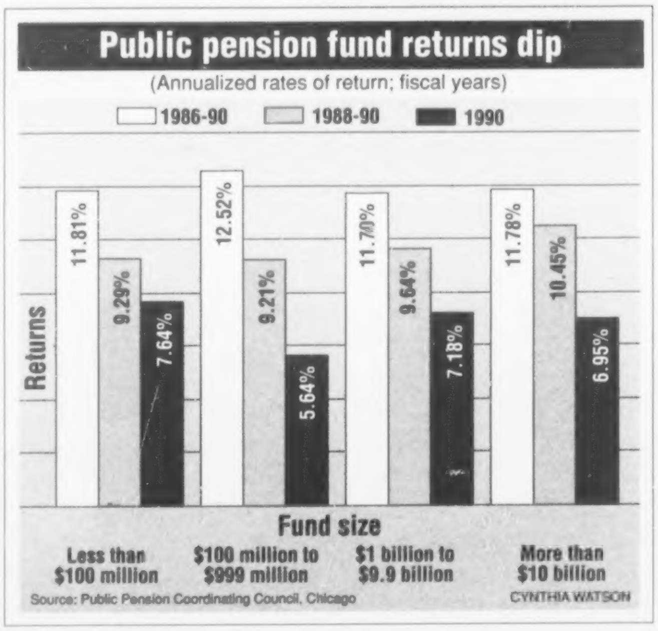
PENDAT provides detailed information on the structure, funding and investments of 202 retirement systems with $615 billion, or about 76% of total assets held by state and local retirement plans.

Subscribers can look up data, such as asset mix, pension liabilities and money managers for individual systems, as well as judicial and legislative developments. Over time, the PENDAT data base will be able to provide analysis of trends affecting public plans, including size of contributions, changes in actuarial assumptions and shifts in asset allocations.

The council is a 2-year-old group composed of the Government Finance Officers Association, the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement.

A survey from the data base is available from the GFOA, 180 N. Michigan Ave., Suite 800, Chicago, Ill. 60601, (312) 977-9700.

— Joel Chernoff



Public pension fund returns dip

(Annualized rates of return; fiscal years)

Source: Public Pension Coordinating Council, Chicago

CYNTHIA WATSON

REAL ESTATE

Realty stocks up 20% for the year

■ The Wilshire Real Estate Securities Index posted a positive total return of 20% for 1991.

The index measures the performance of equity securities whose primary business is equity ownership of commercial real estate. The index is composed of 79% real estate investments trusts and 21% real estate operating companies.

The 1991 performance figure for the index stands in stark contrast to the 1990 total return of −33.5%.

"The good news is that the market, looking forward, has gotten beyond some of the pain that is out there," said Michael Torres, a vice president with the pension consulting firm Wilshire Associates, Santa Monica, Calif.

"The gain (for 1991) is a direct response to the Federal Reserve cut in the discount rate, which is making cash alternatives look attractive. Current income producing real estate will be in demand.

The 1991 return from the real estate securities index likely will far surpass the 1991 total return pension funds will receive from their pooled equity real estate investments.

Returns for pooled real estate funds for pension funds are expected to be slightly negative for 1991 in the Russell-NCREIF Property Index, according to Joseph Diehl, executive director of the National Council of Real Estate Investment Fiduciaries.

NCREIF, a non-profit association represents the institutional real estate industry, particularly pension funds.

— Steve Hemmerick

PEOPLE

Bessemer adds to London staff

■ John Trott has joined the London office of Bessemer Trust Co. as executive vice president responsible for the firm's international investments.

Mr. Trott, who was chairman and chief investment officer of Kleinwort Benson International Investment Management Ltd. in London, replaces Peter Pejacsevich who became chief investment officer of John Govett & Co. Ltd., London.

Bessemer has $9 billion under management, of which $800 million is in international investments.

According to Robert Elliott, senior executive vice president in New York, one reason Mr. Trott was chosen was "because we thought he would be compatible with our investment style."

— Margaret Price

INVESTING

Brokers, toys top performers

■ Investors who favored brokerage firms and toyed around with the stock market prospered in 1991, as brokerage and toy company stocks were the best performers for the year.

According to figures calculated by Bhirud Associates, New York, brokerage firm stocks gained 144.8% for the year. Toy company stocks were up 131.3%, followed by shoe company stocks, 104.7%.

Suresh Bhirud, president of the research firm, said the brokerage stocks prospered because the brokerage industry had a good year. Toy companies prospered as people turned their attention from luxury and consumer durables toward a simpler, family-oriented lifestyle.

"Toys become almost a necessity if you have kids," he said.

Mr. Bhirud could not explain the strong showing of shoe company stocks.

Other top 10 industries, and their share price gains, were: housewares, 87.8%; home building, 85.2%; after-market auto parts, 78.9%; general merchandising retail stores, 73.4%; major regional banks, 71.9%; electronic instrumentation, 71.7%; and paper containers, 71%.

— Michael J. Clowes

Suresh Bhirud

MONEY MANAGERS

UAM lands first international firm

■ United Asset Management Corp. acquired Acadian Asset Management Inc. for an undisclosed price in a stock-and-cash transaction between the two Boston firms.

UAM now owns 26 money management firms; Acadian is its first international manager.

Gary L. Bergstrom, Acadian's president and chief investment officer, said there are a number of advantages to the firm's affiliation with UAM.

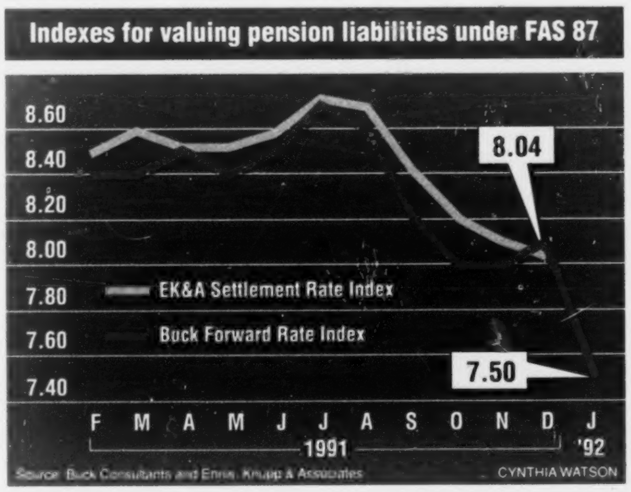
For example, the firm now can offer stock options to all of its 22 employees. Before, four or five of the firm's top executives had an ownership position. "After the affiliation, everyone will have some equity stake," he said.

In addition, he said the affiliation will help defray the cost of operating an international investment firm. "There are a number of economies of scale where UAM can offer some benefits," such as in obtaining errors and omissions insurance, Mr. Bergstrom said.

For its part, UAM is getting one of the hotter international equity managers. In *Pensions & Investments'* 1991 Scoreboard survey, Acadian pulled in $680 million in net new international/global business during the year ended Dec. 1, 1990, ranking fourth among firms with between $1 billion and $10 billion under management. For the year ended Dec. 1, 1991, Acadian pulled in an additional $205 million in net new international/global business.

Acadian has about $1.6 billion in discretionary assets under management for tax-exempt clients. UAM's group of 26 firms manage more than $55 billion for 4,500 clients.

— Chuck Paustian



Indexes for valuing pension liabilities under FAS 87

Source: Buck Consultants and Ennis, Knupp & Associates

CYNTHIA WATSON

PUBLIC FUNDS

System tries to dig out of quagmire

■ The Kansas Public Employees Retirement System hired a new consultant as it moves forward from its private placement problems.

At its Jan. 13 meeting, the board hired the Dallas office of William M. Mercer Asset Planning Inc. as its consultant, replacing Callan Associates Inc. The board dropped Callan last summer after blaming it for not alerting the system to the danger of the private investment program. The mostly in-state investments are believed to have caused the system about $200 million in losses.

Callan is not among the 22 defendants the retirement system named Dec. 23 in an expanded lawsuit seeking $65 million (plus interest and other costs) from those whom it considers legally liable. The defendants are alleged to have committed fraud, misrepresentation, negligence and/or breach of contract or fiduciary duties in connection with the investment losses.

"I feel like this is a major step for us," Board Chairman Walt Cobler said.

Defendants in the amended petition are Reimer and Koger Associates Inc. and five individuals from the firm, including Ken Koger, Ron Reimer and Brent Messick; 12 individuals from the failed Home Savings and Loan Association, including former Home Savings Director and retirement system Board Chairman Michael Russell; Gage & Tucker, a law firm retained by Reimer & Koger to represent the system's transactions; and Peat, Marwick, Mitchell & Co., an accounting firm, and PMM partner Robert Spence.

— Curtis Vosti

INTERNATIONAL

Japanese equities don't fit pattern

■ Consultant Columbine Capital Services Inc. has proof that Japanese stocks behave differently from those of most other major markets.

Columbine's data going back to 1984 showed that in most of the leading markets — such as the United States, Canada, France, Germany and the United Kingdom — stocks that outperform over a given period should be expected to continue to do so.

But this momentum theory doesn't work in Japan. On the contrary, "price momentum works almost backward in Japan," said David Ament, a principal of the Colorado Springs-based Columbine.

There, "stocks that go up a lot tend to go down in the future" and vice versa, the firm found.

The firm is using its historical data to create models that rank stocks in major non-U.S. countries according to how much their returns are expected to exceed that market's average — typically over about the next six months. (Columbine has offered this service on U.S. stocks since 1978).

Money managers would use this information, in combination with other quantitative devices, to aid stock picking within individual countries, Mr. Ament explained.

— Margaret Price

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International assets see healthy increase

By Margaret Price

International investments by the Top 200 U.S. pension funds galloped ahead in the year ended Sept. 30, spurred by strong markets and continuing new and expanded outlays.

Overall, funds' total foreign investments during the period — unadjusted for market gains — vaulted 49.2% to $68.21 billion by defined benefit plans and 35% to $7.38 billion by defined contribution plans. Those figures dwarf the respective 16% and 2.7% gains in the prior 12 months.

Many of the largest newcomers to international investing were public funds, such as the New York State Teachers' Retirement System and the New Jersey Division of Investment. Investing $311 million and $750 million respectively, they were among the 16 funds in the Top 200 that joined the growing bandwagon that now invests abroad.

Some funds, such as those of the Aluminum Company of America and the World Bank, posted sharp rises in their international allocations. According to *Pensions & Investments'* data, for the 12-month period, total foreign investments by ALCOA's fund jumped 102% to $234 million, and the World Bank's rocketed almost 125% to $1.745 billion. Although she didn't elaborate, Kelda Caldwell, chief-investment control unit at the World Bank, cited "a change in investment policy in evaluating liabilities."

Favorable foreign markets contributed significantly to the higher foreign holdings. For the year ended Sept. 30, the Morgan Stanley Capital International Europe Australia Far East Index climbed 22.3%, and the Salomon Brothers World Government Bond Index rose 15.1%.

Dollar outlays for foreign investments were lower for the year ended Sept. 30 than in the previous 12 months, *P&I's* data show.

Actual foreign stock investments by defined benefit funds leaped 50.1% to almost $52.2 billion. But on a market-adjusted basis, these holdings grew only 28%, compared with a 46% market-adjusted gain in the previous 12 months.

Actual foreign stock holdings by defined contribution plans grew 35.6% to $6.8 billion. Adjusted for market appreciation, the gain was 13.3%, compared with 34% the prior year.

For the most recent period, foreign bond holdings by defined benefit plans soared 51.4% to $15.3 billion. Adjusted for market appreciation, however, those investments advanced 36.7%. During the year-earlier period,

See **Overseas** *on page 76*

Number of Top 200 funds using various strategies

	Defined benefit	Defined contribution
Equity index funds	122	58
Bond index funds	52	10
GICs/BICs	31	75
Dedicated/immunized bonds	28	4
Foreign equities	108	18
Foreign fixed income	49	7
Foreign other	8	3
Real estate equity	120	11
Mortgages	55	3
Mortgage-backed securities	67	15
Non-investment grade bonds	25	na
Venture capital	74	3
Oil & gas	20	1
LBOs	29	2
Private placements	45	2

Profile statistics at a glance
($ billions)

	1991	1990
Top 1,000 assets*	2,188.0	1,878.1
Defined benefit	1,688.2	1,467.2
Defined contribution	474.1	392.0
Top 200 assets*	1,669.6	1,415.6
Top 100 assets	1,394.9	1,182.5
Top 50 assets	1,093.5	924.8
Top 25 assets	802.4	678.6
Top 200 defined benefit*	1,316.4	1,124.4
Top 200 defined contribution*	331.9	272.6
Top 200 profit sharing	11.9	11.1
Top 200 401(k)	78.3	50.2**
Top 200 thrift	50.6	**
Top 200 defined benefit		
Internal management*	549.0	490.3
Equities	189.3	157.6
Fixed income	265.1	232.8
Short-term	29.7	36.9
Real estate equity	15.7	20.8
Mortgages	14.7	na
Other	24.6	36.0***
Equity index funds	200.0	137.4
Internally managed	85.0	64.5
Bond index funds	77.0	66.3
internally managed	32.6	25.5
Real estate equity	50.6	50.1
Mortgages	21.6	23.9
Mortgage-backed securities	67.0	60.4
GICs/BICs	7.2	4.9
International	68.2	45.7
Equity	52.2	34.7
Fixed income	15.3	10.1
Other	0.7	0.9
Venture capital	5.9	5.0
Dedicated/immunized bonds	34.9	26.6
Oil & gas	0.8	0.9
LBOs	6.9	5.7
Private placements	10.7	10.5
Non-investment grade bonds	2.5	2.7
Contributions paid	29.6	31.1
Benefits paid	49.9	44.0
Top 200 defined contribution		
Internal management*	161.2	128.5
Equities	55.1	42.0
Fixed income	45.0	56.3
Short-term	19.0	15.8
Real estate equity	5.4	4.6
Mortgages	20.9	na
Other	12.6	6.8
Equity index funds	39.6	27.5
Internally managed	28.6	22.2
Bond index funds	0.6	0.7
Internally managed	0.2	0.0
Real estate equity	5.7	5.0
Mortgages	20.9	19.5
Mortgage-backed securities	6.6	5.4
GICs/BICs	43.5	34.7
International	7.4	5.4
Equity	6.8	5.0
Fixed income	0.6	0.4
Other	****	****
Venture capital	****	****
Dedicated/immunized bonds	0.3	0.2
Oil & gas	****	****
LBOs	0.8	0.8
Private placements	12.1	11.2
Contributions paid	9.0	9.1

*Total is greater because some funds did not provide a breakout
**In 1990, 401(k)/thrift assets were combined
***Includes mortgages
****Less than $100 million

Cost drives in-house changes

By Terry Williams

In a continuing effort to control investment costs, the $12.6 billion employee benefit funds of Pacific Telesis Group increased their percentage of internally managed funds to 15.6% from 12.3% of total assets, according to data from *Pensions & Investments'* survey of the Top 200 pension funds.

In 1990, the fund had $1.34 billion managed internally, the bulk of it in defined contribution assets. In 1991, the amount was $1.97 billion.

The fund manages in-house a quantitative equity portfolio, cash, foreign exchange and real estate.

"What we are doing is evolving to a more internal focus on the assets," said E. Douglas Taylor, executive director-investment management.

"We will continue to have it because we can do it cost effectively. It helps us to be sophisticated."

Mr. Taylor declined to say what target the fund had for internal management, but did say there always will be external managers so the in-house staff keeps its "fingers on the pulse" of the investment industry and as a safety valve.

Conversely, the $2.7 billion Arkansas Teacher Retirement System decreased the amount it managed internally from almost 13% of total assets in 1990 to about 1.6% in 1991.

Arkansas Teachers managed $283 million in 1990. That amount decreased to $43 million in 1991.

Bill A. Shirron, executive director, said the fund's motive was increased efficiency when it decided to no longer manage cash internally; the $43 million is entirely in what Mr. Shirron called "first mortgage loans."

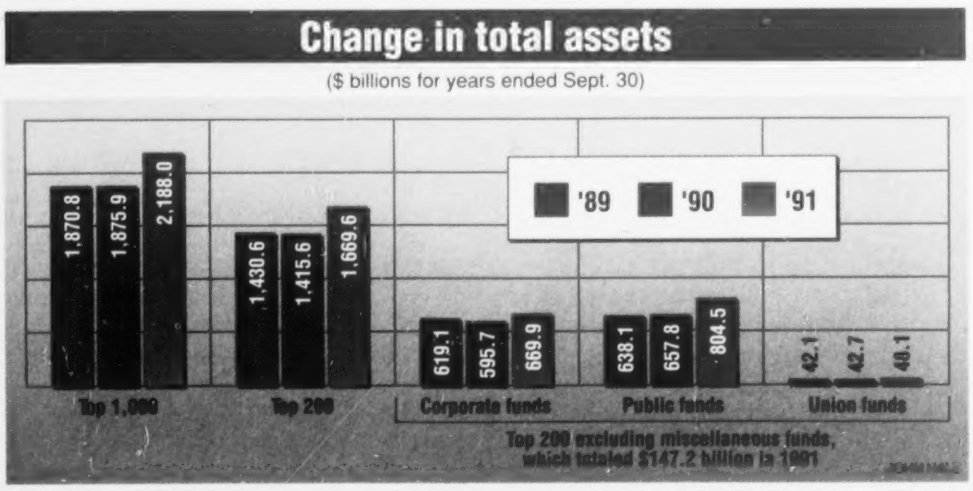
Its master trustee, First Commercial Bank, is now managing the pension fund's cash, said Mr. Shirron.

"We just felt it was more efficient," said Mr. Shirron. "It took the burden off of us as far as getting bids and trades."

The $45 billion pension fund of American Telephone & Telegraph, Basking Ridge, N.J., realized an increase of about $400 million in internally managed alternative investments, according to the survey.

There was some appreciation of the assets and some additional funding, but there really hasn't

See **Internal** *on page 76*


Change in total assets
($ billions for years ended Sept. 30)

How sponsor data were compiled

The information on employee benefit funds contained in this special report was compiled in several steps.

Questionnaires were sent to 1,500 fund sponsors in *Pensions & Investments'* data base. The largest 1,000 were identified from the completed questionnaires, follow-up telephone calls and a cross-check with information supplied by Money Market Directories Inc., Charlottesville, Va., publisher of the **1992 Money Market Directory of Pension Funds and Their Investment Managers**.

The detailed information contained in the profiles of the Top 200 employee benefit funds was obtained from the completed questionnaires and from interviews with fund officials by the *P&I* editorial staff.

Where no information was available from the fund, figures were taken from the Money Market Directory.

Unless otherwise noted, the data reflect fund operations as of Sept. 30, 1991.

In cases where the fund supplied data considered too old, *P&I* estimated the asset growth based on one of the following methods: the most recent asset mix supplied by the fund; the asset mix reported in the 1992 Money Market Directory; or *P&I*'s reported average asset mix for that particular type of fund, i.e. union, corporate or public. In some cases, the estimates were based on asset totals reported in the sponsor's most recent annual report.

In the tables accompanying the profiles, dollar amounts are rounded to the nearest million.

The asset mixes for the Top 200 and next 800 funds represent the average of all reported allocations for the respective funds; the aggregate defined contribution asset mixes are based on the sponsor's largest plan only. The separate asset mixes for the components of the Top 200 and next 800 universes were compiled in the same way.

Indexing rises 32% on market muscle

By Curtis Vosti

Fueled by substantial market gains, new products and a valued niche in institutional portfolios, indexing by the nation's largest pension funds jumped 32% to $317.2 billion in the year ended Sept. 30.

Even accounting for strong market performance — the Standard & Poor's 500 Stock Index returned 31.2%, the Salomon Broad Investment Grade Bond Index returned 16%, the Morgan Stanley Capital International Europe Australia Far East Index returned 22.3% and the Salomon Brothers World Bond Index returned 18.3% — indexing among the Top 200 funds showed a gain of about 4%, *Pensions & Investments* data show.

Last year, the Top 200 pension funds reported indexing $231.9 billion, but that number was adjusted to $240.9 billion with the addition of $9 billion in equities indexed by the New York City Retirement Systems that had not been reported.

With the market returns, that index pool could be expected to have grown to $306 billion without the infusion of new assets.

Most of the pool's gain was from indexed stocks. Equity indexing rose a revised 37.8%, to $239.6 billion, and bond indexing rose 16%, to $77 billion in the year ended Sept. 30.

Indexing continues to be attractive when compared with active management because of its lower fees and benchmark performances, according to Gregg Buckalew, head of asset practice services in Atlanta for The Wyatt Co. "Indexing solves a lot of problems," he said. "It at least allows the plan sponsor to avoid criticism about comparison to a market performance because it is the benchmark."

Added to those attractions are continual growth in new or enhanced indexes and what Mr. Buckalew calls "a movement" of more pension funds constructing portfolios built around a core index fund.

One of those was the New York City Teachers' Retirement System, part of the $48.8 billion New York City Retirement Systems. The teachers' system indexed $3.7 billion in equities as a first step in diversifying into equities, according to William Paolino, chief of the bureau of asset management

See **Indexing** *on page 76*

Global initiatives fuel manager moves

New strategic ploys show up in rankings

By Anne Schwimmer

With pension funds turning a hungry eye to the fat returns being garnered in global investing, this year saw some changes in the rankings of international managers most frequently named by the nation's largest defined benefit pension plans.

Capital Guardian Trust Co., Los Angeles, kept its place in the No. 1 slot with 22 mentions, according to *Pensions & Investments'* survey of the largest 200 pension funds.

But J.P. Morgan Investment Management Inc., New York, moved up to tie for the No. 2 slot — at 17 mentions — with Baring International Investment Ltd., London. Morgan was in third place last year; Baring was tied for No. 2.

Brinson Partners Inc., Chicago, moved into the spotlight this year, tying for third with State Street Bank & Trust Co., Boston. State Street was tied for second place last year.

Change in strategies is the big reason for the move. "I think we see two trends going on which are a little paradoxical," said Robert Ronus, senior vice president-international at Capital Guardian.

"Initially when American institutions decided they wanted to invest some of their assets out of the U.S., most did it by setting up an EAFE (the Morgan Stanley Capital International Europe Australia Far East Index) or a world-less-the-U.S. portfolio," he said. "We're seeing more people now look at global portfolios. And at the other end of the spectrum, we're also seeing sponsors looking at more specific regional assignments."

In 1991 "you had some very small markets that did very well," while the Japanese market, which makes up about half of the EAFE index, returned just 9.1% in U.S. dollars, Mr. Ronus said. The EAFE index returned 12.5% in U.S. dollars.

The Hong Kong market was up 49.5%, the Australian market rose 35.6% and the Singapore/Malaysian market climbed 25% in U.S. dollars, he said.

In Latin America, booming stock markets created even more phenomenal returns: according to the MSCI Emerging Market Free Indices, the Mexican market returned 122.1%, Brazil's 168.6%, Chile's 105.6 and Argentina's a whopping 403.1%, all in U.S. dollars.

"The international search represents a significant portion of the searches that have gone on," said David Brigham, president and chief investment officer at J.P. Morgan. J.P. Morgan also retained its spot as the money manager most used overall by the nation's largest pension funds.

"It's really dramatic: The number of strategies and approaches to international investing has really multiplied in the last few years," he said. He also agreed with Mr. Ronus that fund sponsors are evincing increased interest both in global portfolios and selective international targets — by country or region, for example.

Both men also agreed that their international clients have grown more concerned with currency risk this year as U.S. interest rates have dropped and the dollar has devalued in tandem.

"There's been a lot of interest in currency management," Morgan's Mr. Brigham said. "We have always treated the currency decision as a separate investment exercise; we have sort of been known for that," he said. "Be-

See **Rankings** *on page 76*

Top 200 top consultants

	Times mentioned
Frank Russell	23
Callan	16
Wilshire	11
SEI	9
William Mercer	7

Top 200 top master trustee/custodians

	Times mentioned
Bankers Trust	32
Northern Trust	25
State Street Bank	23
Boston Safe	16
Mellon Bank	14

Top 200 top global custodians

	Times mentioned
State Street	20
Bankers Trust	18
Northern Trust	16
Chase	13
Boston Safe	10

Top managers overall

	Times mentioned
J.P. Morgan	89
Wells Fargo Nikko	66
Trust Co./West	61
Equitable	53
Capital Guardian	47
Mellon	44
Alliance	42
Prudential	41
Brinson Partners	37
Bankers Trust	36

Top domestic equity managers

	Times mentioned
Wells Fargo Nikko	32
Alliance Capital	27
Mellon	23
Capital Guardian	18
Bankers Trust	16
RCM	15
Rosenberg	15
INVESCO	13
Fayez Sarofim	13
Ariel	12

Top domestic bond managers

	Times mentioned
PIMCO	25
J.P. Morgan	24
Loomis Sayles	18
Mellon	13
Wells Fargo Nikko	13
Criterion	12
Fischer Francis	9
Lincoln Capital	9
TCW	9
Putnam	8

Top 200 top international managers*

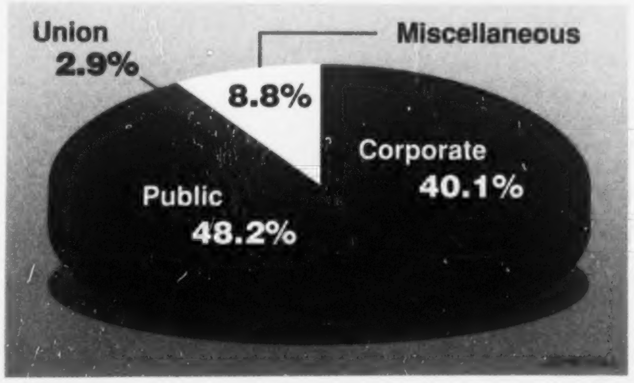
	Times mentioned
Capital Guardian	22
Baring International	17
J.P. Morgan	17
Brinson	14
State Street Bank	14
Nomura	12
Schroder	12
Wells Fargo Nikko	12
Morgan Grenfell	11
Acadian Asset	9

*Includes equity, fixed-income, cash and other international investments

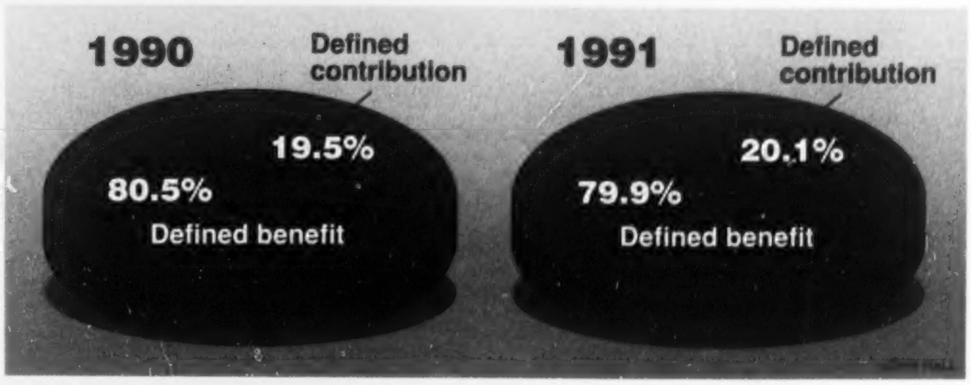
Top 200 top real estate managers

	Times mentioned
Equitable	31
JMB	29
Prudential	27
Aetna	24
Trust Co./West	21
RREEF	20
LaSalle	18
Aldrich, Eastman & Waltch	16
Heitman	15
Sentinel	14

Where the Top 200 assets are



Top 200 assets: defined benefit vs. defined contribution



Top 200 pension funds/sponsors

Assets in $ millions

1.	TIAA-CREF	99,600
2.	California Public Employees	64,658
3.	New York State & Local	50,081
4.	New York City	48,876
5.	AT&T	45,028
6.	General Motors	40,800
7.	California State Teachers	37,367
8.	New York State Teachers	32,514
9.	State of New Jersey	31,280
10.	General Electric	31,078
11.	Texas Teachers	29,477
12.	IBM	29,000
13.	Florida State Board	25,517
14.	Ohio Public Employees	24,272
15.	State of Wisconsin	22,790
16.	Ford Motor	22,700
17.	E.I. du Pont	20,501
18.	North Carolina Retirement	20,261
19.	Ohio State Teachers	20,200
20.	State of Michigan	20,120
21.	Pennsylvania Public Schools	19,300
22.	University of California	16,988
23.	NYNEX	16,740
24.	Washington State Board	15,640
25.	AMERITECH	15,600
26.	Minnesota State Board	15,105
27.	GTE	14,976
28.	Bell Atlantic	14,741
29.	BellSouth	14,570
30.	Boeing	14,010
31.	Virginia Retirement System	13,300
32.	Maryland State Retirement	13,200
33.	Pacific Telesis	12,594
34.	Oregon Public Employes	12,536
35.	Georgia Teachers	12,354
36.	Teamsters, Central States	11,163
37.	Pennsylvania State Employes	11,131
38.	Los Angeles County Employees	11,091
39.	Colorado Public Employees	10,914
40.	Teamsters, Western Conference	10,825
41.	Federal Retirement Thrift	10,198
42.	Rockwell International	10,125
43.	Tennessee Consolidated	10,077
44.	Eastman Kodak	9,961
45.	Alabama Retirement Systems	9,920
46.	Illinois Teachers	9,888
47.	USX	9,850
48.	United Nations	9,798
49.	South Carolina Retirement	9,386
50.	U S WEST	9,370
51.	Connecticut Trust Funds	9,360
52.	United Technologies	9,212
53.	Southwestern Bell	9,093
54.	Lockheed	9,052
55.	Exxon	8,919
56.	Arizona State Retirement	8,850
57.	Shell Oil	8,783
58.	Philip Morris	8,698
59.	Sears, Roebuck	8,665
60.	Chevron	8,377
61.	Hughes Aircraft	7,900
62.	Texas Employees	7,683
63.	General Dynamics	7,234
64.	Procter & Gamble	7,105
65.	Allied-Signal	7,000
66.	McDonnell Douglas	6,800
67.	Prudential Insurance	6,764
68.	Westinghouse Electric	6,667
69.	Massachusetts Teachers/Employees	6,591
70.	Iowa Public Employees	5,942
71.	Missouri Public School	5,861
72.	Chrysler	5,834
73.	Pacific Gas & Electric	5,600
74.	UMWA	5,562
75.	Mobil Oil	5,426
76.	Mississippi Public Employees	5,420
77.	Illinois Municipal	5,318
78.	Delta Air Lines	5,139
79.	Unisys	4,998
80.	Utah State	4,900
81.	Amoco	4,825
82.	Alaska Retirement Systems	4,800
83.	United Airlines	4,800
84.	American Airlines	4,750
85.	Caterpillar	4,600
86.	Dow Chemical	4,594
87.	San Francisco City & County	4,586
88.	Hawaii Employees	4,520
89.	Kentucky Teachers	4,501
90.	Monsanto	4,500
91.	United Methodist Church	4,333
92.	National Electrical Contractors	4,308
93.	Louisiana Teachers	4,292
94.	Los Angeles Fire & Police	4,220
95.	Illinois State Universities	4,210
96.	Kansas Public Employees	4,207
97.	Nevada Public Employees	4,169
98.	Northrop	4,169
99.	Georgia Employees	4,150
100.	Minnesota Mining & Mfg.	4,102
101.	State Farm Insurance	4,080
102.	J.C. Penney	4,056
103.	Atlantic Richfield	4,028
104.	Detroit Retirement Systems	4,010
105.	Chicago Public Schools	4,000
106.	Southern Co.	3,982
107.	World Bank	3,950
108.	Kentucky Retirement Systems	3,900
109.	Metropolitan Life	3,857
110.	Consolidated Edison	3,850
111.	Textron	3,846
112.	Indiana Public Employees	3,802
113.	Xerox	3,780
114.	RJR Nabisco	3,737
115.	Ohio Police & Firemen	3,717
116.	International Paper	3,713
117.	Aluminum Co. of America	3,679
118.	Grumman	3,650
119.	Martin Marietta	3,644
120.	Raytheon	3,633
121.	Illinois State Board	3,503
122.	Tennessee Valley Authority	3,483
123.	Texaco	3,400
124.	Ohio School Employees	3,371
125.	Bethlehem Steel	3,325
126.	Tenneco	3,314
127.	TRW	3,313
128.	Eli Lilly	3,207
129.	Massachusetts PRIM	3,200
130.	Union Carbide	3,174
131.	Southern Baptist Convention	3,149
132.	Aetna Life	3,107
133.	Los Angeles City Employees	3,095
134.	Deere	3,069
135.	Honeywell	2,855
136.	Boilermakers-Blacksmiths	2,834
137.	Southern California Edison	2,820
138.	Rhode Island Employees	2,788
139.	Kaiser Permanente	2,775
140.	ITT	2,769
141.	Arkansas Teacher Retirement	2,726
142.	Texas Municipal Retirement	2,710
143.	Presbyterian Church (USA)	2,700
144.	Abbott Labs	2,681
145.	Halliburton	2,667
146.	Louisiana State Employees	2,663
147.	Phillips Petroleum	2,661
148.	Owens-Illinois	2,650
149.	USAir	2,636
150.	Operating Engineers, Central Fund	2,570
151.	Trans World Airlines	2,561
152.	United Parcel Service	2,534
153.	Texas County & District	2,509
154.	National Rural Electrical Co-op	2,497
155.	Motorola	2,492
156.	Bristol-Myers Squibb	2,479
157.	Citibank	2,477
158.	Bakery & Confectionery	2,468
159.	New Mexico Educational	2,426
160.	BP America	2,400
161.	New Mexico Public Employees	2,386
162.	Commonwealth Edison	2,379
163.	PPG Industries	2,362
164.	Oklahoma Teachers	2,348
165.	Maine State Retirement	2,311
166.	Southern California UFCW	2,288
167.	American Stores	2,276
168.	Indiana State Teachers	2,275
169.	Hospital Healthcare Employees	2,249
170.	Travelers	2,237
171.	CIGNA	2,236
172.	FPL Group	2,227
173.	Evangelical Lutheran Church	2,223
174.	Chicago Municipal Employees	2,220
175.	Los Angeles Water & Power	2,165
176.	ICMA Retirement	2,160
177.	Navistar	2,159
178.	American Electric Power	2,124
179.	K mart	2,109
180.	Inland Steel	2,076
181.	NCR	2,032
182.	Montana Board	2,024
183.	Anheuser-Busch	2,023
184.	Digital Equipment	2,018
185.	S. New England Telephone	2,003
186.	Cooper Industries	1,975
187.	BankAmerica	1,971
188.	United Telecommunications	1,969
189.	Church Pension Fund (Episcopal)	1,963
190.	Johnson & Johnson	1,962
191.	Oklahoma Public Employees	1,961
192.	Bechtel Power	1,929
193.	Hewlett Packard	1,925
194.	Idaho Public Employee	1,916
195.	I.A.M. National	1,905
196.	Missouri State Employees	1,905
197.	New York Life	1,890
198.	Plumbers National Headquarters	1,881
199.	GenCorp	1,866
200.	Georgia-Pacific	1,856
	Total	**1,669,616**

Ranking of funds/sponsors 201-1,000

Assets in $ millions

Rank	Fund/sponsor	Location	Assets
201.	Equitable Life	New York	1,855
202.	District of Columbia	Washington	1,850
203.	Chicago Police	Chicago	1,841
204.	Cook County Emp.	Chicago	1,838
205.	LTV	Dallas	1,837
206.	Milwaukee City	Milwaukee	1,834
207.	Pfizer	New York	1,830
208.	Delaware State	Dover, Del.	1,828
209.	Hercules	Wilmington, Del.	1,811
210.	Baltimore City	Baltimore	1,800
211.	Northwest Airlines	St. Paul, Minn.	1,790
212.	Philadelphia Electric	Philadelphia	1,782
213.	Wyoming	Cheyenne, Wyo.	1,772
214.	Cons. Natural Gas	Pittsburgh	1,728
215.	Philadelphia Municipal	Philadelphia	1,722
216.	Texas Utilities	Dallas	1,722
217.	Hallmark Cards	Kansas City, Mo.	1,718
218.	John Hancock	Boston	1,716
219.	Carpenters/N. Cal.	Oakland, Calif.	1,713
220.	Orange County	Santa Ana, Calif.	1,712
221.	West Virginia	Charleston	1,701
222.	Teledyne	Los Angeles	1,700
223.	Upjohn	Kalamazoo, Mich.	1,696
224.	Arizona Public Safety	Phoenix	1,695
225.	New Hampshire	Concord, N.H.	1,662
226.	Army & AF Exchange	Dallas	1,653
227.	North American Philips	New York	1,649
228.	American Cynamid	Wayne, N.J.	1,632
229.	Goodyear	Akron, Ohio	1,630
230.	Arkansas PERS	Little Rock, Ark.	1,626
231.	Milwaukee Employees	Milwaukee	1,621
232.	Eaton	Cleveland	1,620
233.	Texas Instruments	Dallas	1,614
234.	Sun Co.	Radnor, Pa.	1,610
235.	Ralston Purina	St. Louis	1,607
236.	Sheet Metal Workers	Alexandria, Va.	1,600
237.	Teamsters/New England	Boston	1,600
238.	Pan American Airways	New York	1,578
239.	NADA-Auto Dealers	McLean, Va.	1,576
240.	South Dakota	Pierre, S.D.	1,559
241.	Litton Industries	Beverly Hills	1,550
242.	ARMCO	Parsippany, N.J.	1,546
243.	James River	Richmond, Va.	1,520
244.	Colgate-Palmolive	New York	1,500
245.	Michigan Municipal	Lansing, Mich.	1,500
246.	Champion International	Stamford, Conn.	1,496
247.	Financial Inst. Retirem't	White Plns., N.Y.	1,491
248.	Corning	Corning, N.Y.	1,486
249.	Merck	Rahway, N.J.	1,483
250.	Dun & Bradstreet	New York	1,482
251.	SmithKline Beecham	Philadelphia	1,479
252.	Pacific Enterprises	Los Angeles	1,477
253.	Federal Express	Memphis	1,471
254.	Pepsico	Purchase, N.Y.	1,470
255.	Bayer USA	Pittsburgh	1,455
256.	Sandia Nat'l Labs	Albuquerque	1,455
257.	Marine Egrs./MEBA	Washington	1,451
258.	Elec. Industry Joint Bd.	Flushing, N.Y.	1,450
259.	Kimberly-Clark	Dallas	1,450
260.	Op. Egrs. Local 12/Cal.	Pasadena, Calif.	1,447
261.	Warner-Lambert	Morris Plns., N.J.	1,440
262.	Occidental Petroleum	Los Angeles	1,437
263.	Mass. Inst. of Tech.	C'bridge, Mass.	1,426
264.	Retail Clerks/N. Calif.	Walnut Creek	1,424
265.	Public Service E&G	Newark, N.J.	1,417
266.	Nebraska State	Lincoln, Neb.	1,413
267.	Unilever U.S.	New York	1,410
268.	YMCA	New York	1,405
269.	Op. Egrs. Local 3	San Francisco	1,404
270.	IMF	Washington	1,400
271.	General Mills	Minneapolis	1,396
272.	Time Warner	New York	1,392
273.	San Diego County	San Diego	1,387
274.	Coca-Cola	Atlanta	1,370
275.	Rohm & Haas	Philadelphia	1,360
276.	Federated Dept. Stores	Cincinnati	1,355
277.	Emerson Electric	St. Louis	1,351
278.	Westvaco	New York	1,350
279.	Unocal	Los Angeles	1,347
280.	General Public Utilities	Parsippany, N.J.	1,346
281.	Times Mirror	New York	1,338
282.	American Brands	Old G'ch, Conn.	1,322
283.	Union Pacific	Bethlehem, Pa.	1,314
284.	Reynolds Metals	Richmond, Va.	1,300
285.	Armstrong World Ind.	Lancaster, Pa.	1,299
286.	General Public Utilities	Reading, Pa.	1,299
287.	Carpenters/N.Y. City	New York	1,298
288.	Olin	Stamford, Conn.	1,288
289.	BASF	Parsippany, N.J.	1,284
290.	Scott Paper	Philadelphia	1,270
291.	Niagara Mohawk Power	Syracuse, N.Y.	1,262
292.	CIBA-GEIGY	Ardsley, N.Y.	1,259
293.	N.J. Public Service E&G	Newark, N.J.	1,249
294.	Boise Cascade	Boise, Idaho	1,248
295.	Manufacturers Hanover	New York	1,240
296.	Dana	Toledo, Ohio	1,225
297.	Detroit Edison	Detroit	1,222
298.	Quaker Oats	Chicago	1,222
299.	Michigan Civil Service	Lansing, Mich.	1,214
300.	McDermott Int'l	New Orleans	1,213
301.	FMC	Chicago	1,211
302.	Hoechst Celanese	Somerville, N.J.	1,200
303.	Hanson Industries	Iselin, N.J.	1,190
304.	Laborers Nat'l Pension	Dallas	1,181
305.	American Nat'l Can	Chicago	1,180
306.	Asea Brown Boveri	Stamford, Conn.	1,175
307.	Hoffman-La Roche	Nutley, N.J.	1,175
308.	Fluor	Irvine, Calif.	1,174
309.	Saudi Aramco	Houston	1,173
310.	May Dept. Stores	St. Louis	1,160
311.	Weyerhaeuser	Tacoma, Wash.	1,160
312.	Northern States Power	Minneapolis	1,154
313.	Baxter Int'l	Deerfield, Ill.	1,150
314.	Deseret Mutual	Salt Lake City	1,148
315.	Coastal	Houston	1,145
316.	Liberty Mutual	Dover, Del.	1,143
317.	Whirlpool	Bent. Har., Mich.	1,141
318.	Motion Picture Industry	Studio City	1,128
319.	Bellcore	Livingston, N.J.	1,112
320.	W.R. Grace	Boca Raton, Fla.	1,107
321.	San Jose City	San Jose, Calif.	1,100
322.	Sacramento County	Sac'mento, Calif.	1,093
323.	Ingersoll-Rand	W'dclf. Lake, N.J.	1,089
324.	Norfolk Southern	Norfolk, Va.	1,086
325.	United Church of Christ	New York	1,082
326.	Sara Lee	Chicago	1,080
327.	Marsh & McLennan	New York	1,077
328.	Entergy	New Orleans	1,074
329.	Columbia Gas System	Wilmington, Del.	1,070
330.	Crown Cork & Seal	Philadelphia	1,067
331.	Cummins Engine	Columbus, Ohio	1,066
332.	Central & South West	Dallas	1,064
333.	Continental Can	Omaha, Neb.	1,061
334.	Polaroid	C'bridge, Mass.	1,051
335.	Chi. Transit Authority	Chicago	1,047
336.	Harris	Melbourne, Fla.	1,046
337.	American Red Cross	Alexandria, Va.	1,045
338.	Nat'l Auto. Sprinkler 669	Landover, Md.	1,042
339.	Northeast Utilities	Hartford, Conn.	1,041
340.	Conrail	Philadelphia	1,040
341.	San Bernardino County	San Ber., Calif.	1,033
342.	Alameda County	Oakland, Calif.	1,032
343.	Arthur Anderson	Chicago	1,031
344.	Brown & Williamson	Louisville, Ky.	1,031
345.	Kellogg	Bat. Crk., Mich.	1,025
346.	Montgomery Ward	Chicago	1,025
347.	San Diego City	San Diego	1,020
348.	Fairfax County	Fairfax, Va.	1,015
349.	Op. Egrs. Nos. 302/612	Seattle	1,014
350.	Cincinnati City	Cincinnati	1,013
351.	Lutherans-Mo. Synod	St. Louis	1,012
352.	Gillette	Boston	1,008
353.	Schlumberger	New York	1,008
354.	R.R. Donnelley	Chicago	1,007
355.	CSX	Richomnd, Va.	1,003
356.	Carpenters/S. Calif.	Los Angeles	1,000
357.	CBS	New York	997
358.	Ernst & Young	Cleveland	995
359.	Ashland Oil	Ashland, Ky.	991
360.	Mead	Dayton, Ohio	985
361.	Boston City	Boston	983
362.	Ohio PERS Def. Comp.	Columbus, Ohio	975
363.	Nestle USA	Solon, Ohio	970
364.	ConAgra	Omaha, Neb.	963
365.	Pennsylvania P&L	Allentown, Pa.	955
366.	Manville	Denver	950
367.	ICI Americas	Wilmington, Del.	948
368.	North Dakota State	Bismarck, N.D.	947
369.	Winn Dixie Stores	Jacksonville, Fla.	930
370.	EG&G	Wellesley, Mass.	923
371.	Mass. Bay Transit	Boston	923
372.	Denver Public Schools	Denver	921
373.	Campbell Soup	Camden, N.J.	918
374.	Parsons	Pasadena, Calif.	917
375.	Chase Manhattan	New York	915
376.	Duke Power	Charlotte, N.C.	915
377.	Centerior Energy	Indep., Ohio	908
378.	Teamsters, Central Pa.	Reading, Pa.	908
379.	Jacksonville City	Jacksonville, Fla.	905
380.	Pillsbury	Minneapolis	896
381.	Contra Costa County	Concord, Calif.	895
382.	Whitman	Roll'g M'dows, Ill.	895
383.	Baltimore County	Baltimore	894
384.	Jefferson Smurfit	St. Louis	893
385.	Blue Cross/Blue Shield	Chicago	891
386.	Nat'l Elevator Industry	Philadelphia	884
387.	Black & Decker	Towson, Md.	882
388.	Capital Cities/ABC	New York	880
389.	De Luxe	St. Paul, Minn.	880
390.	Cincinnati Bell	Cincinnati	878
391.	Dayton Hudson	Minneapolis	875
392.	Dallas Employees	Dallas	867
393.	Steelcase	Gr'd Rap., Mich.	866
394.	Safeway Stores	Oakland, Calif.	864
395.	Avis	Garden City, N.Y.	862
396.	HealthTrust	Nashville	855
397.	Greyhound Amal. Trusts	W. Des Moines	854
398.	Consumers Power	Jackson, Mich.	853
399.	American Home Pdcts.	New York	851
400.	Enron	Houston	850
401.	Greyhound Lines	Dallas	850
402.	Memphis City	Memphis	848
403.	Union Camp	Wayne, N.J.	843
404.	Minneapolis Employees	Minneapolis	840
405.	Op. Egrs./Midwest	Countryside, Ill.	833
406.	Panhandle Eastern	Houston	833
407.	Owens-C. Fiberglas	Toledo, Ohio	832
408.	Wayne County	Detroit	829
409.	N.Y. State Def. Comp.	Albany	823
410.	Milwaukee County	Milwaukee	821
411.	ILGWU/Garment Wkrs.	New York	820
412.	Montgomery County	Rockville, Md.	820
413.	Colorado Fire & Police	Englewood	819
414.	Schering-Plough	Madison, Wis.	819
415.	Tribune	Chicago	817
416.	Baltimore G&E	Baltimore	815
417.	Wal-Mart Stores	Bentonville, Ark.	810
418.	Ethyl	Richmond, Va.	808
419.	Borden	Columbus, Ohio	800
420.	Iron Wkrs./Calif.	San Marino	800
421.	Dominion Resources	Richmond, Va.	798
422.	MITRE	Bedford, Mass.	797
423.	Battelle Mem. Institute	Columbus, Ohio	796
424.	Coltec Industries	New York	796
425.	Teamsters/N.Y. State	Utica	788
426.	Kroger	Cincinnati	785
427.	Mars	McLean, Va.	782
428.	Alexander & Alexander	Owings Mills, Md.	780
429.	Louisiana Schools	Baton Rouge	778
430.	Screen Act./Prod. Guild	Burbank, Calif.	774
431.	Aerospace	El Segundo	767
432.	Houston Industries	Houston	761
433.	Nalco Chemical	Naperville, Ill.	761
434.	Service Empl.-32B/J	New York	756
435.	KPMG Peat Marwick	Montvale, N.J.	753
436.	Santa Fe Pacific	Chicago	751
437.	AFTRA	New York	750
438.	Burlington Res.	Seattle	750
439.	Peoples Energy	Chicago	749
440.	Laborers/So. Calif.	Suisun, Calif.	746
441.	Maritime Assoc./Pacific	San Francisco	746
442.	Carpenters/Ohio	Cleveland	745
443.	Quantum Chemical	New York	745
444.	Maytag	Newton, Iowa	743
445.	Food-Comm./Atlanta	Atlanta	740
446.	Gannett Co.	Arlington, Va.	740
447.	Navy Resale System	Staten Island	740
448.	Sundstrand	Rockford, Ill.	738
449.	Food-Comm. Int'l	Chicago	736
450.	Budd Co.	Troy, Mich.	734
451.	Missouri Local Govt.	Jefferson City	734
452.	Avery Dennison	Pasadena, Calif.	728
453.	Labor & Retire./Chi.	Chicago	724
454.	Northern Telecom	Nashville	724
455.	Control Data	Minneapolis	723
456.	Kaiser Alum. & Chem.	Oakland, Calif.	722
457.	Ventura County	Ventura, Calif.	722
458.	Carpenters/Chicago	Chicago	721
459.	E-Systems	Dallas	718
460.	Ohio Edison	Akron	716
461.	Laborers/Chicago	Forest Park, Ill.	715
462.	Marriott	Washington	711
463.	ARMCO Steel	Cincinnati	710
464.	Graphic Comm. No. 458	Chicago	707
465.	Amer. Fed. Musicians	New York	701
466.	General Signal	Stamford, Conn.	700
467.	Johnson Controls	Milwaukee	700
468.	New York State G&E	Ithaca	700
469.	New England Electric	W'bor'gh, Mass.	699
470.	Op. Engrs. Local 18	Cleveland	697

Source: *Pensions & Investments* and Money Market Directories Inc.

Ranking of funds/sponsors 201-1,000

Assets in $ millions

Rank	Fund/sponsor	Location	Assets
471.	Stone & Webster	New York	697
472.	Walgreen Co.	Deerfield, Ill.	697
473.	Burlington Industries	Greensboro, N.C.	695
474.	Union Electric	St. Louis	692
475.	Bridgestone/Firestone	Akron, Ohio	689
476.	GCIU-Employer	El Monte, Calif.	689
477.	Houston Police	Houston	687
478.	Sherwin-Williams	Cleveland	682
479.	AMP	Harrisburg, Pa.	679
480.	Oryx Energy	Dallas	678
481.	Atlanta Gen. Emp.	Atlanta	677
482.	Amstar	New Haven	674
483.	Goldman Sachs	New York	674
484.	Food/Comm. Local 27	Baltimore	672
485.	Masters, Mates & Pilots	Linth. Hts., Md.	668
486.	White Con. Industries	Cleveland	667
487.	B.F. Goodrich	Akron, Ohio	665
488.	McGraw-Hill	New York	665
489.	Dallas Police & Fire	Dallas	663
490.	McKesson	San Francisco	661
491.	Florida Progress	St. Petersburg	660
492.	Tektronix	Beaverton, Ore.	660
493.	Wisconsin Elec. Power	Milwaukee	658
494.	Carolina P&L	Raleigh, N.C.	655
495.	Teamsters Local 705	Chicago	652
496.	Westinghouse Hanford	Richland, Wash.	652
497.	Houston Firemen	Houston	650
498.	American Express	New York	648
499.	Fresno County	Fresno, Calif.	647
500.	Household Int'l	Chicago	645
501.	Sandoz	New York	641
502.	Air Prod. & Chem.	Allentown, Pa.	640
503.	CPC Int'l	E'd Cliffs, N.J.	636
504.	Michigan Con. Gas	N'ham Hts., Mich.	635
505.	Houston Municipal	Houston	633
506.	Norton Co.	Worcester, Mass.	633
507.	Atochem North America	Philadelphia	631
508.	Elec. IBEW Int'l HQ	Washington	631
509.	Lumber Prod. W. Coun.	Portland, Ore.	630
510.	Milliken & Co.	Spartanb'g, S.C.	625
511.	Teamsters No. 710	Chicago	624
512.	Timken	Canton, Ohio	622
513.	Southland	Dallas	621
514.	Teamsters No. 282	Elmont, N.Y.	621
515.	Missouri Highway	Jefferson City	617
516.	Farley Industries	Chicago	616
517.	S. Cal. Plasterers	El Monte, Calif.	616
518.	Allegheny Power	New York	615
519.	Arthur D. Little	C'bridge, Mass.	615
520.	Hospital Corp.	Nashville	613
521.	RSI Retirement	New York	613
522.	Western Union	Up.Sad.Br., N.J.	613
523.	Inter-Amer. Dev. Bank	New York	610
524.	Laborers Int'l HQ	Washington	608
525.	Electronic Data Systems	Dallas	607
526.	McDonald's Corp.	Oak Brook, Ill.	607
527.	Washington Post	Washington	607
528.	Food-Comm. Nat'l HQ	Washington	604
529.	Thiokol	Ogden, Utah	604
530.	Longshoremen/ILA	New York	603
531.	Comm. Wkrs./Int'l Typ.	Colorado Springs	602
532.	Cargill	Minneapolis	600
533.	Dresser	Dallas	600
534.	Graphic Comms. Int'l	Washington	600
535.	Pitney Bowes	Stamford, Conn.	600
536.	Beazer East	Pittsburgh	598
537.	Farmland Industries	Kansas City, Kan.	598
538.	Illinois Tool Works	Glenview	587
539.	Major League Players	New York	584
540.	Op. Egrs. No. 324	B'ham, Mich.	584
541.	Seattle City	Seattle	584
542.	Chicago Firemen	Chicago	580
543.	Paper Industry Int'l	Nashville	580
544.	Avon Products	New York	579
545.	Baton Rouge Police	Baton Rouge, La.	577
546.	Eastern Air Pilots	Boston	574
547.	Carpenters/Detroit	Ferndale, Mich.	573
548.	Laborers/Mass. State	Newton	573
549.	Premark Int'l	Deerfield, Ill.	573
550.	Brunswick	Skokie, Ill.	570
551.	Fort Worth Employees	Fort Worth	570
552.	H.J. Heinz	Pittsburgh	570
553.	Parker-Hannifin	Cleveland	570
554.	Paramount Comm.	New York	569
555.	Cleveland-Cliffs	Cleveland	568
556.	Elec. Wkrs./S. Cal.	Los Angeles	568
557.	Roadway Services	Akron, Ohio	564
558.	Denver Employees	Denver	562
559.	Aon Corp.	Chicago	559
560.	Fairfax County Schools	Springfield, Va.	558
561.	San Diego G&E	San Diego	556
562.	San Joaquin County	Stockton, Calif.	550
563.	Joseph E. Seagram	New York	550
564.	Rio Grande Industries	Denver	548
565.	Transco Energy	Houston	547
566.	Carpenters/Philadelphia	Philadelphia	546
567.	Bull HN	Billerica, Mass.	545
568.	R.H. Macy	New York	545
569.	Johnson & Higgins	New York	544
570.	Mercantile Stores	Fairfield, Ohio	542
571.	Boy Scouts of America	Irving, Texas	540
572.	Food-Comm. Butchers	Oakland, Calif.	540
573.	Briggs & Stratton	Milwaukee	539
574.	Colorado Public Service	Denver	538
575.	Woolworth	New York	537
576.	Northern Illinois Gas	Aurora, Ill.	535
577.	NIPSCO	Hammond, Ind.	535
578.	BOC Group	Murray Hill, N.J.	530
579.	Nat'l Telephone Co-Op	Washington	528
580.	Directors Guild	Los Angeles	527
581.	Elec. Cont./Chicago	Chicago	526
582.	Varian Associates	Palo Alto, Calif.	525
583.	So. Cal. Rapid Transit	Los Angeles	523
584.	McKinsey & Co.	New York	522
585.	Mack Trucks	Allentown, Pa.	521
586.	Newell	Freeport, Ill.	521
587.	PNC Financial	Pittsburgh	520
588.	Siemens	New York	520
589.	Teamsters/W. Pa.	Pittsburgh	520
590.	Davidson County	Nashville	519
591.	Louisiana Muni. Police	Baton Rouge	518
592.	Automotive Industries	Oakland, Calif.	517
593.	Cincinnati G&E	Cincinnati	517
594.	Long Island Lighting	Hicksville, N.Y.	517
595.	Uniroyal Goodrich	Greenville, S.C.	516
596.	Food-Comm./Midwest	Chicago	513
597.	Masco/Trimas	Taylor, Mich.	512
598.	L'gshore. ILWU/PMA	San Francisco	510
599.	Carpenter Technology	Reading, Pa.	509
600.	Delmarva Power & Light	Wilmington, Del.	509
601.	Henley Group	Hampton, N.H.	507
602.	Oklahoma Firefighters	Oklahoma City	507
603.	Austin Employees	Austin, Texas	506
604.	Interco	St. Louis	505
605.	Op. Egrs. Local 15	New York	504
606.	Royal Insurance	Charlotte, N.C.	504
607.	Iowa Fire & Police	W. Des Moines	502
608.	Brooklyn Union Gas	Brooklyn	500
609.	Del Monte Foods	San Francisco	500
610.	Kern County	Bakersf'd, Calif.	500
611.	Teamster Affiliates	Washintgon	500
612.	Becton, Dickinson	Frank. Lakes, N.J	496
613.	Rohr Industries	Chula Vista, Calif.	495
614.	Phoenix City	Phoenix	494
615.	Rochester G&E	Rochester, N.Y.	494
616.	Sheet Metal/N. Cal.	San Francisco	494
617.	Andersen	Bayport, Me.	493
618.	PacifiCorp	Portland, Ore.	492
619.	Seafarers Pension	Camp Spr., Md.	492
620.	Bricklayers Int'l	Washington	490
621.	Oklahoma Police	Oklahoma City	490
622.	Flint City	Flint, Mich.	488
623.	Memphis LG&W	Memphis, Tenn.	488
624.	Centel	Chicago	485
625.	Hartford City	Hartford, Conn.	485
626.	Towers, Perrin	Philadelphia	482
627.	Gerber Products	Fremont, Mich.	480
628.	Minneapolis Teachers	Minneapolis	479
629.	A.O. Smith	Milwaukee	479
630.	Geo. A. Hormel	Austin, Texas	478
631.	New England Mutual	Boston	476
632.	San Mateo County	Red. City, Calif.	476
633.	Reader's Digest	Pleasantvl., N.Y.	473
634.	Elec. Contractors/Alaska	Anchorage	472
635.	Elec. Wkrs./Alaska	Anchorage	472
636.	Miami Fire & Police	Miami	468
637.	Pneumo Abex	Hampton, N.H.	468
638.	Hearst	New York	466
639.	S. Calif. Permanente	Pasadena, Calif.	465
640.	Phelps Dodge	Phoenix	464
641.	Chicago Sanitary District	Chicago	463
642.	Belk/Leggett Stores	Charlotte, N.C.	462
643.	Op. Egrs. Local 825	Newark, N.J.	460
644.	Marine Egrs. Dist. 2	Dania, Fla.	458
645.	V F Corp.	Reading, Pa.	457
646.	Hotel/Rest. Wkrs. 165	Las Vegas	456
647.	Arizona Public Service	Phoenix	454
648.	Coca-Cola Enterprises	Atlanta	454
649.	Producer-Writers Guild	Burbank, Calif.	454
650.	MCI Communications	Washington	453
651.	Metal Industry/West	Seattle	453
652.	Stanley Works	New Brit., Conn.	451
653.	Gates	Denver	450
654.	Laborers/Ohio District	Columbus, Ohio	450
655.	Publix Super Markets	Lakeland, Fla.	450
656.	Humana	Louisville, Ky.	448
657.	Science App. Int'l	San Diego	448
658.	Williams Co.	Tulsa	448
659.	Alcan Aluminium	Montreal	447
660.	Knight-Ridder	Miami	446
661.	TECO Energy	Tampa	445
662.	USG	Chicago	445
663.	Am. Cotton Gar./All. Ind.	New York	444
664.	Nat'l Industrial Group	Newark, N.J.	444
665.	Daughters of Charity	St. Louis	443
666.	Sheet Metal Local 108	Los Angeles	443
667.	Boston Edison	Boston	442
668.	Trinova	Maumee, Ohio	441
669.	S.C. Johnson	Racine, Wis.	437
670.	Sonat	Birmingham, Ala.	437
671.	Unit. Serv. Auto. Assoc.	San Antonio	437
672.	Teamsters/Philadelphia	Philadelphia	436
673.	Lincoln National	Fort Wayne, Ind.	435
674.	La. Parochial Emp.	Baton Rouge, La.	435
675.	Perkin-Elmer	Norwalk, Conn.	435
676.	Teamsters/Alaska	Anchorage	435
677.	Upholsterers/Int'l HQ	Philadelphia	434
678.	Tampa Police & Fire	Tampa	432
679.	Burroughs Wellcome	Res. Triangle Pk.	430
680.	Ins. Co. Supp. Orgs.	Washington	429
681.	St. Louis Public Schools	St. Louis	427
682.	Fireman's Fund Ins.	Novato, Calif.	426
683.	Nat'l Intergroup	Pittsburgh	425
684.	Intel	Santa Cl., Calif.	424
685.	Salt River Project	Phoenix	423
686.	Washington Gas	Washington	423
687.	Kansas City P&L	Kansas City, Mo.	421
688.	Pipe Trades No. 447	Los Angeles	421
689.	Reliance Electric	Mayf'ld Hts., Ohio	420
690.	Building Trades United	Milwaukee	417
691.	Hawaiian Electric	Honolulu	417
692.	Arlington County	Arlington, Va.	415
693.	Adolph Coors	Golden, Colo.	415
694.	Laborers/W. Pa.	Pittsburgh	414
695.	Nat'l Fuel Gas	Buffalo, N.Y.	413
696.	Syntex	Palo Alto, Calif.	413
697.	Fresno City	Fresno, Calif.	412
698.	Maritime Assoc.	Houston	412
699.	Hershey Foods	Hershey, Pa.	410
700.	Plumbers/Pipe. No. 597	Chicago	405
701.	Cultural Inst., N.Y.	New York	402
702.	Waste Management	Oak Brook, Ill.	402
703.	Allegheny Port Authority	Pittsburgh	400
704.	Borg-Warner	Chicago	400
705.	Rochester Telephone	Rochester, N.Y.	400
706.	Plaster-Mason/S. Calif.	El Monte, Calif.	399
707.	Carpenters/Mass.	Wilm'ton, Mass.	398
708.	Bank of New York	New York	396
709.	American Standard	New York	395
710.	Carpenters/Illinois	Geneva, Ill.	394
711.	Potlatch	Walnut Cr., Calif.	394
712.	Cincinnati Milacron	Cincinnati	393
713.	Walt Disney	Burbank, Calif.	393
714.	Agway	Syracuse, N.Y.	391
715.	Dan River	Danville, Va.	391
716.	Baton Rouge/E. B.R.	Baton Rouge, La.	390
717.	Consolidated Papers	Wisconsin Rapids	389
718.	Maryland Supplemental	Baltimore	389
719.	Loral	New York	388
720.	Springs Industries	Fort Mill, S.C.	388
721.	Alco Standard	Valley Forge, Pa.	387
722.	New York Times	New York	387
723.	PaineWebber	Weehawken, N.J.	387
724.	Cyclops Industries	Pittsburgh	385
725.	Wash. Metro Transit	Washington	385
726.	Morton International	Chicago	384
727.	Building Service	San Francisco	383
728.	Equifax	Atlanta	382
729.	Carpenters/St. Louis	St. Louis	381
730.	Libbey-Owens-Ford	Toledo, Ohio	380
731.	Fond-Comm. No. 1001	Bellevue, Wash.	379
732.	Loews	New York	377
733.	Vermont State	Montpelier	376
734.	Wis. Public Service	Green Bay	376
735.	Graybar Electric	St. Louis	375
736.	Sequa	New York	375
737.	Birmingham City	Birmingham, Ala.	373
738.	Blue Cross Mich.	Detroit	373
739.	Auto Wkrs./Nat'l HQ	Detroit	372
740.	Gulf States Utilities	Beaumont, Texas	372

Source: *Pensions & Investments* and Money Market Directories Inc.

Ranking of funds/sponsors 201-1,000

Assets in $ millions

Rank	Fund/sponsor	Location	Assets
741.	Penn Central	Cincinnati	372
742.	Sonoco Products	Hartsville, S.C.	372
743.	Square D	Palatine, Ill.	372
744.	Dillon	Hutchinson, Kan.	371
745.	IMCERA Group	Northbrook, Ill.	371
746.	L'shoremen STA-ILA	Baltimore	370
747.	Iron Wkrs. 40/361/417	New York	369
748.	Ball	Muncie, Ind.	368
749.	Primerica	Baltimore	367
750.	Savings Banks Emp.	Woburn, Mass.	365
751.	DeKalb County	Decatur, Ga.	364
752.	Kollmorgan	Simsbury, Conn.	364
753.	Oakland County	Pontiac, Mich.	363
754.	First Bank System	Minneapolis	362
755.	Kansas Power & Light	Topeka, Kan.	362
756.	St. Louis Police	St. Louis	360
757.	Carpenters/W. Wash.	Seattle	359
758.	A.G. Edwards	St. Louis	359
759.	Iron Wkrs./N. N.J.	Newark, N.J.	359
760.	Marin County	San Rafael, Calif.	359
761.	Nat'l Football League	New York	359
762.	Norfolk City	Norfolk, Va.	359
763.	Clark Equipment	South Bend, Ind.	358
764.	Chubb	Warren, N.J.	357
765.	Arkla	Shreveport, La.	355
766.	Ryder System	Miami	355
767.	Yellow Freight	O'land Park, Kan.	355
768.	Chi. Park Employees	Chicago	352
769.	Zenith Electronics	Chicago	352
770.	Actors Equity-League	New York	351
771.	Commonwealth Energy	C'bridge, Mass.	351
772.	Chicago Def. Comp.	Chicago	350
773.	Santa Barbara County	Santa Barbara	350
774.	Duquesne Light	Pittsburgh	348
775.	Fort Howard	Green Bay	347
776.	San Antonio F&P	San Antonio	347
777.	Service Emp. No. 144	New York	347
778.	J.M. Huber	Edison, N.J.	345
779.	Portland Gen. Electric	Portland, Ore.	343
780.	Dow Jones	New York	342
781.	Food Lion	Salisbury, N.C.	342
782.	ENSERCH	Dallas	341
783.	ALLTEL	Little Rock, Ark.	339
784.	Kerr-McGee	Oklahoma City	338
785.	Laborers Nos. 472/172	Jersey City	338
786.	Arkansas State Highway	Little Rock, Ark.	335
787.	Bowater	Darien, Conn.	335
788.	Mark IV Industries	Amherst, N.Y.	335
789.	Commerce Cl. House	Chicago	334
790.	Carpenters/W. Pa.	Pittsburgh	333
791.	Scana	Columbia, S.C.	333
792.	Pechiney	G'wich, Conn.	332
793.	Nat'l Gypsum	Dallas	331
794.	Pennsylvania Municipal	Harrisburg, Pa.	331
795.	Nat'l Maritime Union	New York	330
796.	Vulcan Materials	Birmingham, Ala.	330
797.	Amerada Hess	New York	329
798.	Marmon Group	Chicago	328
799.	Outboard Marine	Waukegan, Ill.	328
800.	St. Paul Teachers	St. Paul, Minn.	327
801.	Machinists Local 9	Bridgeton, Mo.	325
802.	Cox Enterprises	Atlanta	324
803.	Capital Holding	Louisville, Ky.	322
804.	Iron Wkrs./Ohio	Ch'leston, W.Va.	321
805.	Lowe's	N. Wilkes., N.C.	319
806.	Textile Wkrs./Nat'l HQ	Lincoln, R.I.	319
807.	Simpson Investment	Seattle	318
808.	Michelin Tire	Greenville, S.C.	317
809.	Carpenters/Intl. HQ	Washington	316
810.	Elf Aquitaine	New York	316
811.	Nashville/Davidson Cty.	Nashville	316
812.	Cons. Freightways	Palo Alto, Calif.	315
813.	Knoxville City	Knoxville, Tenn.	315
814.	Laborers/N.Y. 23-13	New York	314
815.	Marion Merrell Dow	Kansas City, Mo.	313
816.	Mass. General Hospital	Boston	312
817.	Elec. Wkrs. Local 332	San Jose	311
818.	Hotel/Rest. Local 1	Naperville, Ill.	311
819.	S.W. Public Service	Amarillo, Texas	311
820.	Lab. Ak. 341/942/1331	Seattle	310
821.	Prince Georges County	Up. Marlb'o, Md.	309
822.	St. Louis City	St. Louis	308
823.	Tecumseh Products	Tecumseh, Mich.	308
824.	Plumbers No. 525	Las Vegas	307
825.	Shelby County	Memphis	306
826.	Miami Beach City	Miami Beach	305
827.	Norcal Waste Systems	San Francisco	305
828.	Rubbermaid	Wooster, Ohio	304
829.	ARA Services	Philadelphia	303
830.	Dravo	Pittsburgh	303
831.	Laborers Local 253	Jacksonville, Fla.	303
832.	Levi Strauss	San Francisco	303
833.	Teamsters Local 182	Utica, N.Y.	303
834.	Oklahoma G&E	Oklahoma City	302
835.	Laborers Local 731	New York	301
836.	Ohio Casualty	Hamilton, Ohio	301
837.	Leo Burnett	Chicago	300
838.	K.C. Public Schools	Kansas City, Mo.	300
839.	New York State Nurses	Albany, N.Y.	300
840.	ONEOK	Tulsa	299
841.	SKF USA	King/Prussia, Pa.	299
842.	Super Valu Stores	Eden P'rie, Minn.	298
843.	First Boston	New York	296
844.	World Color Press	Effingham, Ill.	295
845.	Moorman Mfg.	Quincy, Ill.	294
846.	Cooper Tire & Rubber	Findlay, Ohio	293
847.	Sisters of Mercy Detroit	Farmington Hills	293
848.	Iron Wkrs. Local 25	Novi, Mich.	292
849.	L'shore. New Orleans	New Orleans	292
850.	Wickes	Santa Monica	292
851.	Food-Comm. Local 7	Wheat Rg., Colo.	291
852.	Illinois Power	Decatur, Ill.	291
853.	MAPCO	Tulsa	291
854.	Wm. Wrigley	Chicago	291
855.	Dial	Phoenix	290
856.	Wichita Retirement	Wichita, Kan.	289
857.	Carpenters/N.J.	Madison, N.J.	288
858.	Arvin Industries	Columbus, Ind.	287
859.	Op. Engrs. Local 542	Norristown, Pa.	287
860.	Deloitte & Touche	New York	285
861.	Iron Wkrs./Mid-Amer.	Lansing, Ill.	285
862.	Omaha Schools	Omaha	285
863.	Price Waterhouse	Tampa	285
864.	Machinists/Auto No. 289	Seattle	284
865.	Kansas City Emp.	Kansas City, Mo.	283
866.	Kansas City Police	Kansas City, Mo.	283
867.	Carpenters/Twin Cities	Minneapolis	281
868.	Oakland Muni/P&F	Oakland, Calif.	281
869.	Wichita Retirement	Wichita, Kan.	281
870.	Akzo America	Chicago	280
871.	Anne Arundel County	Annapolis, Md.	280
872.	WITCO	New York	280
873.	Steelwkrs./Nat'l HQ	Pittsburgh	278
874.	Elec. Wkrs. Local 1186	Honolulu	277
875.	Ohio Highway Patrol	Columbus	277
876.	Federal Mogul	Detroit	276
877.	Pittston Co.	Stamford, Conn.	276
878.	Sacramento City	Sac'mento, Calif.	276
879.	Koch Industries	Wichita, Kan.	275
880.	Op. Engrs. Local 66	Monroeville, Pa.	275
881.	Stanislaus County	Modesto, Calif.	275
882.	Sisters of Providence	Seattle	274
883.	PACCAR	Bellevue, Wash.	273
884.	Steamfitters Industry	New York	272
885.	Dole Food	Los Angeles	271
886.	Genuine Parts	Atlanta	271
887.	Lukens	Coatesville, Pa.	271
888.	AMICA Mutual	Providence, R.I.	270
889.	Rhone-Poulenc	Princeton, N.J.	270
890.	Thomson Electronics	Indianapolis	270
891.	Food-Comm. Local 576	Kan. City, Kan.	269
892.	Harnischfeger Ind.	Milwaukee	269
893.	Nordstrom	Seattle	268
894.	Sedgwick James	New York	268
895.	Tacoma Employees	Tacoma	267
896.	Weirton Steel	Weirton, W.Va.	267
897.	American Water Works	Voorhees, N.J.	266
898.	Louisiana Municipal	Baton Rouge	266
899.	Omaha Public Power	Omaha, Neb.	266
900.	H.E. Butt Grocery	San Antonio	265
901.	Williamette Industries	Portland, Ore.	263
902.	Continental Airlines	Houston	261
903.	Food-Comm. Local 880	Cleveland	261
904.	Elec. Wkrs. No. 103	Dorch., Mass.	260
905.	Engelhard	Iselin, N.J.	260
906.	GATX	Chicago	260
907.	Laborers/Indiana	Terre Haute, Ind.	260
908.	San Antonio Pub. Serv.	San Antonio	260
909.	Limited	Columbus, Ohio	259
910.	Iron Wkrs./Philadelphia	Philadelphia	258
911.	Puget Sound P&L	Bellevue, Wash.	258
912.	Laclede Gas	St. Louis	257
913.	United Eng. & Const.	Philadelphia	257
914.	Home Savings/Amer.	Irwindale, Calif.	256
915.	Atlantic City Electric	Pleasantv'le, N.J.	255
916.	Continental Grain	New York	255
917.	Harsco	Camp Hill, Pa.	255
918.	Keystone Cons. Ind.	Dallas	255
919.	Lubrizol	Wickliffe, Ohio	255
920.	Bemis	Minneapolis	254
921.	Food-Comm./So. Calif.	Los Angeles	254
922.	Allis-Chambers	Milwaukee	252
923.	Wash. State Def.Comp.	Olympia, Wash.	252
924.	Laborers/Alaska	Fairbanks	251
925.	Foxboro	Foxboro, Mass.	250
926.	Intermount'n Health	Salt Lake City	250
927.	MCA	Universal City	250
928.	Roofers, Waterproofers	Washington	250
929.	Banco Pop. Puerto Rico	Hato Rey, P.R.	249
930.	Providence Employees	Providence, R.I.	249
931.	Sony	Park Ridge, N.J.	249
932.	SPX	Muskegon, Mich.	249
933.	A.E. Staley	Decatur, Ill.	248
934.	PSI Energy	Plainfield, Ind.	247
935.	Ill. Cent. Mgmt. Services	Springfield	246
936.	Painters Int'l	Washington	246
937.	Brown-Forman	Louisville, Ky.	245
938.	Food-Comm. No. 464A	Little Falls, N.J.	245
939.	Grand Union	Wayne, N.J.	245
940.	Teamsters Mid-Jersey	N. B'wick, N.J.	245
941.	UST	G'wich, Conn.	245
942.	Copley Press	La Jolla, Calif.	244
943.	Anchorage Police/Fire	Anchorage	243
944.	East Bay Muni. Utility	Oakland, Calif.	243
945.	Amer. Family Mutual	Madison, Wis.	242
946.	M.A. Hanna	Cleveland	242
947.	Teamsters Local 641	Union, N.J.	242
948.	American Greetings	Cleveland	241
949.	Kennametal	Latrobe, Pa.	241
950.	Archer Daniels Midland	Decatur, Ill.	240
951.	Cleveland Hosp. Assn.	Cleveland	240
952.	Op. Engrs. Local 428	Phoenix	240
953.	Service Employees Int'l	Washington	240
954.	Food/Comm. Local 555	Portland, Ore.	239
955.	W.W. Grainger	Skokie, Ill.	239
956.	United Brands	Cincinnati	239
957.	Painters Dist. 9	New York	238
958.	Vista Chemical	Houston	238
959.	Auto. Club, So. Calif.	Los Angeles	237
960.	TBG	New York	237
961.	Twin City Pipe Trades	St. Paul, Minn.	237
962.	Jack Eckerd	Clearwater, Fla.	236
963.	Kentucky Def. Comp.	Frankfort, Ky.	236
964.	U.S. Borax & Chemical	Los Angeles	236
965.	Wyatt	Washington	236
966.	Indianapolis P&L	Indianapolis	235
967.	Richmond Supp.	Richmond, Va.	234
968.	YWCA	New York	233
969.	General Tire	Akron, Ohio	232
970.	Cabot	Waltham, Mass.	231
971.	Henry Ford Health Sys.	Detroit	231
972.	Nucor	Charlotte, N.C.	231
973.	Tandy	Fort Worth	231
974.	AMAX	New York	230
975.	Orlando Employees	Orlando, Fla.	230
976.	Pentair	St. Paul, Minn.	230
977.	Kaman	Stamford, Conn.	229
978.	Liggett Group	Durham, N.C.	229
979.	Newport News City	N'port News, Va.	229
980.	Questar	Salt Lake City	228
981.	St. Louis Firemen	St. Louis	228
982.	Iron Wkrs. Local 580	New York	227
983.	Laborers/Conn.	W. Haven, Conn.	227
984.	Fieldcrest Cannon	Eden, N.C.	226
985.	Idaho Power	Boise, Idaho	225
986.	Plumb. 444/159/342/343	San Francisco	225
987.	Diversified Energies	Minneapolis	224
988.	Great Western Fin.	Beverly Hills	223
989.	Hotel Trades Council	New York	223
990.	Amdahl	Sunnyvale, Calif.	222
991.	Brown Group	St. Louis	222
992.	Machinists Local 701	Chicago	222
993.	Walter Industries	Tampa	222
994.	Elec. Products Ind.	Flushing, N.Y.	221
995.	Hartford Hospital	Hartford, Conn.	221
996.	Iron Wkrs./Seattle	Seattle	221
997.	Pontiac Retirement	Pontiac, Mich.	221
998.	Tampa City	Tampa	221
999.	Baker Hughes	Houston	220
1000.	Genesee County	Flint, Mich.	220

201-1,000 Total	**518,337**
Top 200 Total	**1,669,616**
1,000 Total	**2,187,953**

Source: *Pensions & Investments* and Money Market Directories Inc.

Profiles of the nation's 200 largest pension funds start on page 28.

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A

Abbott Laboratories

	($ millions)
Total assets	2,681
Defined benefit	1,061
401(k)	1,620
Employer DB contributions	0
Benefit payments	32
Employer DC contributions	27
Defined benefit asset mix:	
Stocks	59%
Fixed income	41%
Defined contribution asset mix:	
Company stock	90%
GICs/BICs	10%

ABBOTT PARK, Ill. — As of Sept. 30, Abbott Laboratories' total employee benefit assets increased 21.3% from a year earlier. Defined benefit assets increased 18% during the same period; defined contribution assets increased 23.6%.

Equity managers: Domestic — Hagler, Mastrovita & Hewitt; Jennison; Leylegian; RCM; and Sirach.

Fixed-income managers: Domestic — RCM.

The master trustee is Continental Bank.

The key person overseeing the investment management of the fund is A.G. Olsen, director.

Aetna Life & Casualty Co.

	($ millions)
Total assets	3,107
Defined benefit	1,950
Total defined contribution	1,157
401(k)	1,129
Thrift/savings	28
Employer DB contributions	0
Benefit payments	47
Employer DC contributions	41
Internally managed assets:	
Total DB	1,950
Total DC	1,157
Hedging devices used:	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	71.5%
Fixed income	6.7%
Cash equivalents	0.3%
Real estate equity	4.3%
Mortgages	1.1%
IPGs	16.1%
Defined contribution asset mix:	
Company stock	18.8%
Other stock	8.8%
GICs/BICs	72.4%

HARTFORD, Conn. — As of Sept. 30, Aetna Life & Casualty Co.'s total employee benefit assets increased 12.7% from a year earlier. Defined benefit assets increased 9.9% during the same period; defined contribution assets increased 17.7%.

All of Aetna's assets are managed internally.

The master trustee is Connecticut National Bank.

Kenneth P. Weissman, director-benefit development, oversees the fund.

Retirement Systems of Alabama

	($ millions)
Total assets*	9,920
Defined benefit	9,920
Employer DB contributions	365
Benefit payments	426

**book value*

Internally managed assets	9,920
Hedging devices used:	
Stock options	
Defined benefit asset mix:	
Stocks	9%
Fixed income	57%
Cash equivalents	12%
Real estate equity	1%
Mortgages	21%

MONTGOMERY, Ala. — As of Sept. 30, the Retirement Systems of Alabama's total employee benefit assets increased 12.4% from a year earlier. All assets are defined benefit, and managed internally.

The safekeeping agent is AmSouth Bank; the global custodian is Morgan Stanley Trust.

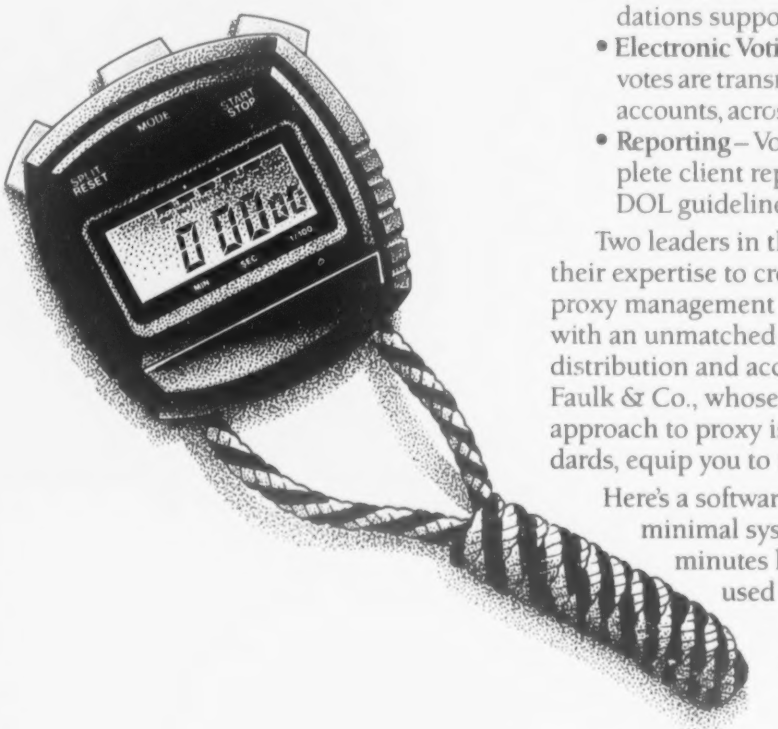
Key personnel overseeing the investment management of the fund are David G. Bronner, chief executive officer; Hunter Harrell, director of investments; and Cheryl Duke, director of equities.

Alaska Retirement Systems

	($ millions)
Total assets*	4,800
Defined benefit	4,800

**as of June 30, 1991*

Internally managed assets	2,300
Defined benefit asset mix:	
Domestic stocks	40%



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International stocks	5%
Fixed income	47%
Cash equivalents	1%
Real estate equity	4%
Mortgages	3%

JUNEAU, Alaska — As of June 30, the Alaska Retirement Systems' total employee benefit assets increased 8.4% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Fred Alger; INVESCO; Lehman Ark; Miller, Anderson & Sherrerd; State Street Bank; and United Capital.

International — Citicorp and J.P. Morgan.

Real estate managers: Aetna; Equitable; Hancock; JMB; Karsten; J.P. Morgan; Sentinel.

The master custodian and global custodian is State Street Bank.

Key personnel overseeing the investment management of the fund are Darrel Rexwinkel, deputy commissioner; Steve R. Stein, chief investment officer; Michael S. Cheung, fixed-income manager; Steve Verschoor, investment officer; and Marty Lentz, real estate investment officer.

Allied-Signal Inc.

	($ millions)
Total assets	7,000
Defined benefit	5,000
Total defined contribution	2,000
Employer DB contributions	80
Benefit payments	318
Internally managed assets:	
Total DB	1,500
Defined benefit asset mix:	
Stocks	40%
Fixed income	37%
Cash equivalents	6%
International	6%
Other	11%
Defined contribution asset mix:	
Company stock	45%
Other stock	12%
Fixed income	43%

MORRISTOWN, N.J. — As of Sept. 30, Allied-Signal's total employee benefit assets increased 21.3% from a year earlier. Defined benefit assets increased 22.9% during the same period; defined contribution assets increased 17.6%.

Master trustees are Northern Trust for the defined benefit plan and State Street Bank for the defined contribution plan.

Key personnel overseeing the investment management of the fund are Edward T. Tokar, vice president-investments; Mark E. Smith, senior portfolio manager; and Jay W. Burden, portfolio manager.

Aluminum Co. of America

	($ millions)
Total assets	3,679
Defined benefit	2,923
401(k)	756
Employer DB contributions	74
Benefit payments	200
Employer DC contributions	50
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined benefit asset mix:	
Stocks	28%
Fixed income	62%
Cash equivalents	7%
Real estate equity	2%
Other	1%
Defined contribution asset mix:	
Company stock	25%
Other stock	10%
GICs/BICs	65%

PITTSBURGH — As of Sept. 30, Aluminum Co. of America's total employee benefit assets increased 12.5% from a year earlier. Defined benefit assets increased 12.4% during the same period; defined contribution assets increased 12.8%.

Equity managers: Domestic — Mellon Capital; State Street Bank; Wells Fargo Nikko.

International — Capital Guardian; Dimensional; Mercator.

Fixed-income managers: Domestic — Mellon Bond; Prudential Fixed Income.

International — MFS; PCM; Strategic Fixed Income.

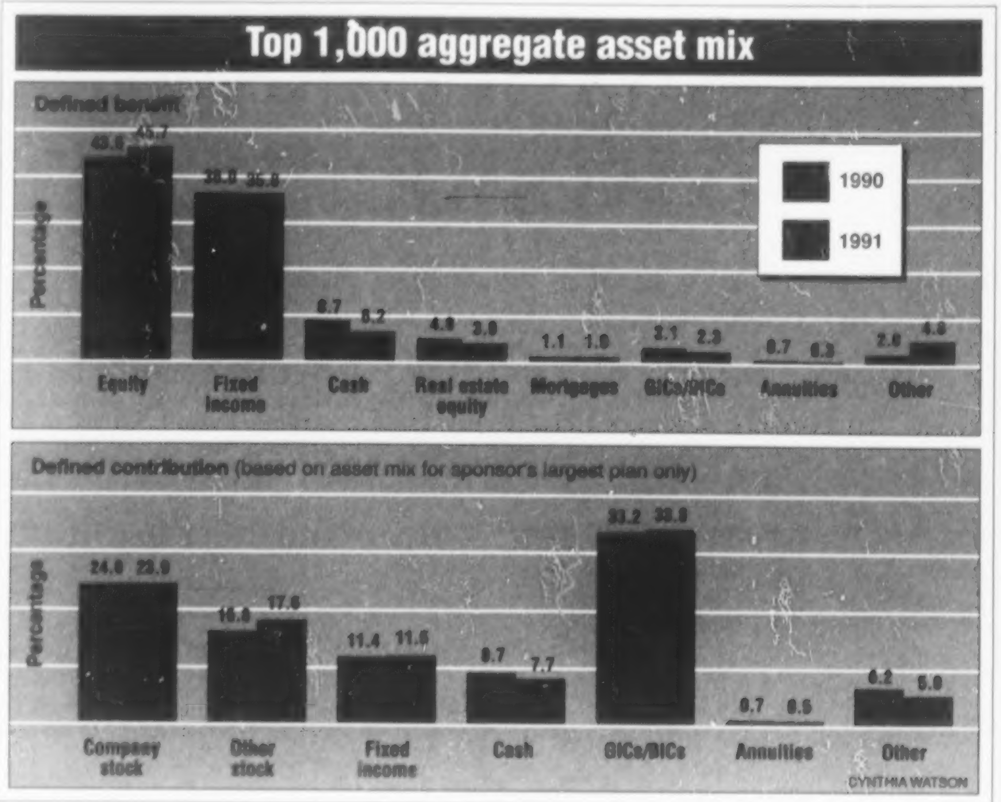
Real estate managers: Coldwell; Equitable; RREEF.

Global asset allocation managers: Brinson; TCW/Cursitor Eaton.

The master trustee and global custodian is Mellon Bank.

Key personnel overseeing the investment management of the fund are Joseph C. Pellegrino, vice president-pension fund investments and analysis; Jack P. Klingler, manager-trust investments; and Donna S. Barr, manager-trust investment administration and analysis.

Top 1,000 aggregate asset mix



CYNTHIA WATSON

American Airlines

	($ millions)
Total assets	4,750
Defined benefit	2,500
Total defined contribution	2,250
401(k)	650
Money purchase	1,600
Employer DB contributions	150
Benefit payments	104
Employer DC contributions	105
Internally managed assets:	
Total DB	45
Total DC	135
Hedging devices used:	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	25%
Fixed income	71%
Cash equivalents	2%
Real estate equity	1%
Annuities	1%
Defined contribution asset mix:	
Other stock	91%
Fixed income	4%
Cash equivalents	5%

DALLAS/FORT WORTH INTERNATIONAL AIRPORT — As of Sept. 30, American Airlines's total employee benefit assets, defined benefit assets and defined contribution assets all increased 25% from a year earlier.

Equity managers: Domestic — Atlanta Capital; Barrow Hanley; Boatmen's; Capital Guardian; Cashman Farrell; Confederation Life; Dewey Square; Dreman; Ganucheau; Hotchkis & Wiley; IIA; United Capital.

International — HD International; Morgan Grenfell; Morgan Stanley; Rowe Price-Fleming; Templeton.

Fixed-income managers: Domestic — Barrow Hanley; Capital Guardian; Dewey Square; Goldman Sachs; Hotchkis & Wiley; IIA; J.P. Morgan; NISA.

International — HD International; Morgan Grenfell; Morgan Stanley; Rowe Price-Fleming; Templeton.

Real estate managers: GE Investments; Prentiss Properties; Zell/Merrill Lynch.

Other managers: Hicks Muse; Triad Ventures; Zell/Chilmark.

The master trustee is NCNB-Texas; the global custodian is Chase.

Key personnel overseeing the investment management of the fund are William F. Quinn, president, AMR Investment Services; Dennis M. O'Hara, vice president-trust investments; and Michael W. Fields, vice president-fixed income.

American Electric Power Service Corp.

	($ millions)
Total assets	2,124
Defined benefit	1,367
Total defined contribution	757
Thrift/savings	743
ESOP	14
Employer DB contributions	88
Benefit payments	63
Employer DC contributions	17
Hedging devices used:	
Stock options	
Stock index futures	
Defined benefit asset mix:	
Stocks	64%
Fixed income	22%
Cash equivalents	10%
Other	4%
Defined contribution asset mix:	
Company stock	36%
Other stock	11%
GICs/BICs	46%
Cash equivalents	7%

COLUMBUS, Ohio — As of Sept. 30, American Electric Power Service Corp.'s total employee benefit assets increased 15.3% from a year earlier. Defined benefit assets increased 13.4% during the same period; defined contribution assets increased 18.8%.

The master trustee is Bank of New York.

Key personnel overseeing the investment management of the fund are Gerald P. Maloney, executive vice president and chief financial officer, and Joseph H. Shepard Jr., manager-corporate benefit funds.

American Stores Co.

	($ millions)
Total assets	2,276
Defined benefit	55
Profit-sharing	2,221
Employer DB contributions	0.2
Benefit payments	0.2
Employer DC contributions	78
Hedging devices used:	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	9%
Fixed income	49%
Cash equivalents	42%
Defined contribution asset mix:	
Company stock	10%
Other stock	36%
Fixed income	46%
Cash equivalents	8%

SALT LAKE CITY — As of Sept. 30, American Stores Co.'s total employee benefit assets increased 22.8% from a year earlier. Defined benefit assets decreased 3.8% during the same period; defined contribution assets increased 23.3%.

Equity managers: Domestic — Institutional Capital; Lazard Freres; RCM; Fayez Sarofim; Templeton.

International — Baring International; Rowe Price-Fleming; Templeton.

Fixed-income managers: Domestic — Harris Investment; Lowe Brockenbrough Tierney & Tattersall; Neuberger Berman; PIMCO; Standish Ayer & Wood.

International — Putnam; Scudder Stevens & Clark.

Real estate manager: Coldwell.

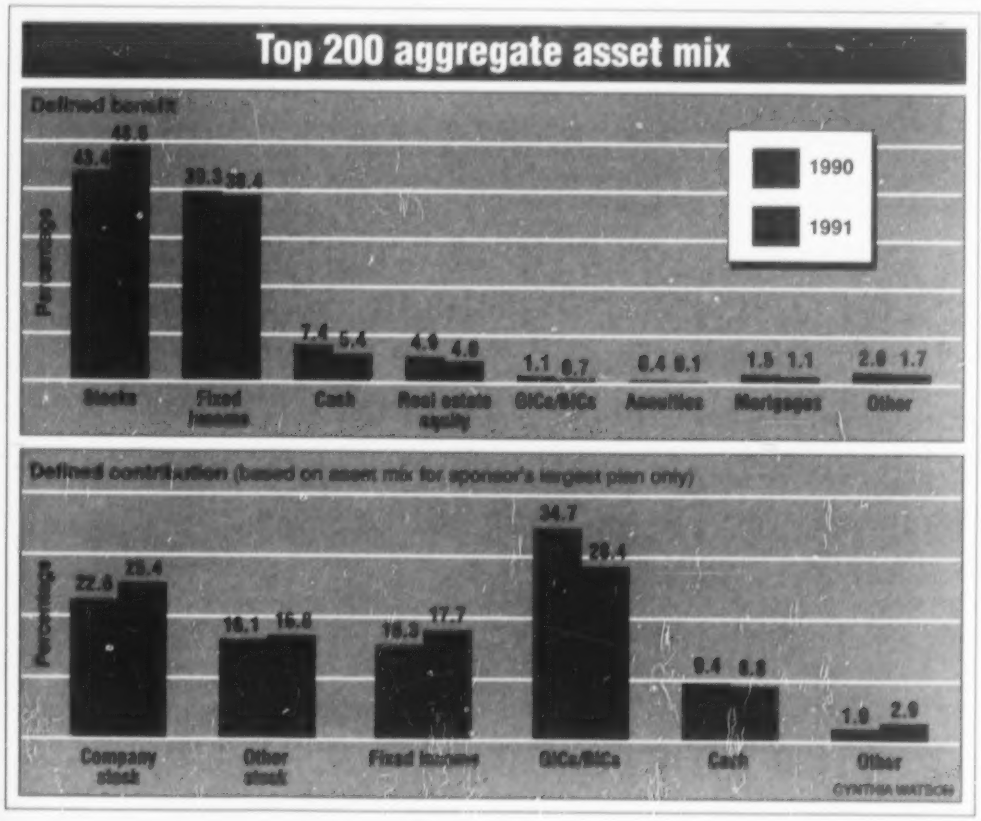
The master trustee and global custodian is Bankers Trust; the investment consultant is Evaluation Associates.

Key personnel overseeing the investment management of the fund are Scott Bergeson, senior vice president, and Duane Whitney, benefits controller.

American Telephone & Telegraph Co.

	($ millions)
Total assets	45,028
Defined benefit	35,309
Total defined contribution	9,719
401(k)	8,900
ESOP	400
Leveraged ESOP	419
Employer DB contributions	326
Benefit payments	1,644
Employer DC contributions	275
Internally managed assets:	
Total DB	2,979
Hedging devices used:	

Top 200 aggregate asset mix



CYNTHIA WATSON

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Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	57%
Fixed income	26%
Real estate equity	12%
Alternatives	5%
Defined contribution asset mix:	
Company stock	37%
Other stock	15%
Fixed income	9%
GICs/BICs	39%

BERKELEY HEIGHTS, N.J. — As of Sept. 30, American Telephone & Telegraph Co.'s total employee benefit assets increased 15.8% from a year earlier. Defined benefit assets increased 14.7% during the same period; defined contribution assets increased 20%.

Managers: Abbott Capital; AEW; Ariel; Batterymarch; Boston Co. Real Estate; Brown Brothers Harriman; Butler Capital; Capital Guardian; Chancellor; Copley Real Estate; Coldwell Banker; Corporate Property; Denver Investment; DFA; Dusco; Eastdil; Equitable Life; Fidelity International; First Reserve Energy; Goldman Sachs; GT Capital; John Hancock; Heitman; INVESCO; Investment Counselors of Maryland; Ivory & Sime; JMB; Jennison Associates; Karsten; Lincoln Capital; J.P. Morgan; Morgan Grenfell; Morgan Stanley; O'Connor; PIMCO; Prudential Asset; Roll and Ross; RREEF; RCM; Standish, Ayer & Wood; State Street Research; United Capital; UBS Asset; Warburg, Pincus; Wellington Asset; Wells Fargo; Western Asset.

The master trustees are Bankers Trust, FNB Atlanta; Mellon Bank, NCNB-Texas, State Street Bank and Wachovia-Georgia; the global custodian is Chase Manhattan Bank; the investment consultant is Russell.

Key personnel overseeing the investment management of the fund are David P. Feldman, corporate vice president-investment management, and Robert E. Angelica, investment vice president.

AMERITECH

	($ millions)
Total assets*	15,600
Defined benefit	13,200
401(k)	2,400

**P&I estimate*

CHICAGO — As of Sept. 30, *Pensions & Investments* estimates AMERITECH's total employee benefit assets increased 17.8% from a year earlier. Defined benefit assets increased an estimated 20% during the same period; defined contribution assets increased an estimated 7.1%.

Amoco Corp.

	($ millions)
Total assets	4,825
Defined benefit	2,485
Thrift/savings/401(k)	2,340
Employer DB contributions	3
Benefit payments	200
Employer DC contributions	68
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined benefit asset mix	
Stocks	73%
Fixed income	16%
Cash equivalents	2%
Real estate equity	4%
Other	5%
Defined contribution asset mix	
Company stock	70%
Cash equivalents	30%

CHICAGO — As of Sept. 30, Amoco Corp.'s total employee benefit assets increased 3.4%. Defined benefit assets increased 14.8% during the same period; defined contribution assets decreased 6.4%.

Equity managers: Domestic — Bankers Trust; DFA; Forstmann Leff; Franklin Portfolio; Jacobs Levy; Sarofim; and UBS Asset Management.

International — Acadian; Boston International; and State Street Bank.

Fixed-income managers: Domestic — Fischer, Francis, Trees & Watts; PIMCO; and Security Capital.

Real estate manager: Equitable.

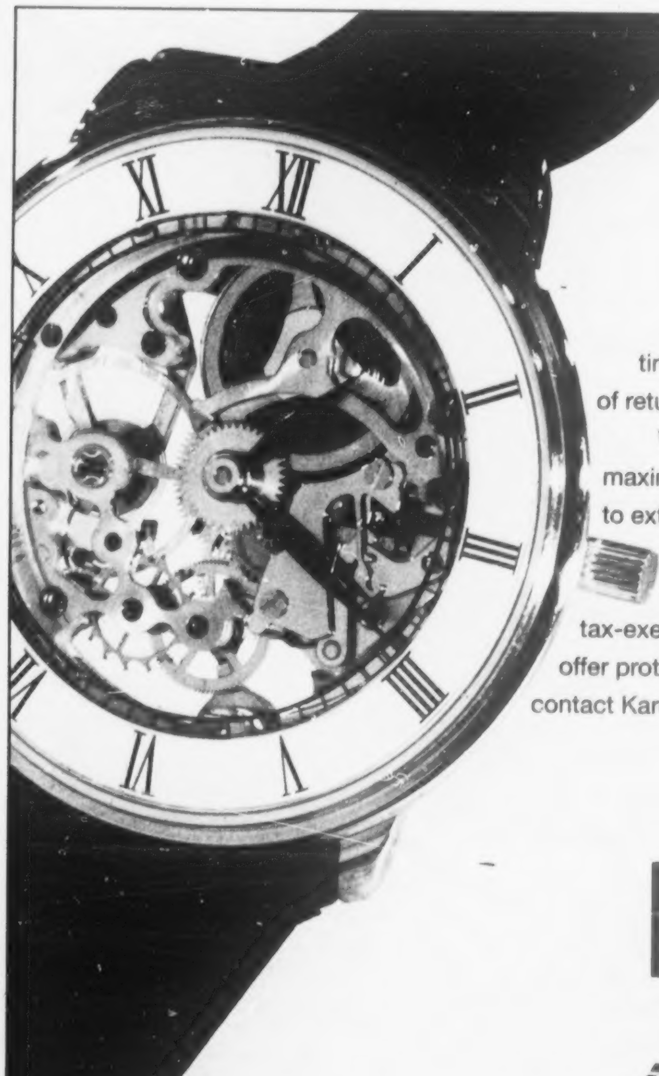
The master trustee and global custodian is Chase Manhattan.

Key personnel overseeing the investment management of the fund are Marvin L. Damsma, director-pension administration, and John S. Ruey, administrative manager-investments.

Anheuser-Busch Cos. Inc.

	($ millions)
Total assets	2,023
Defined benefit	1,111
Total defined contribution	912
401(k)/ESOP	818
Other	94
Employer DB contributions	33
Benefit payments	45
Employer DC contributions	48
Defined benefit asset mix:	
Stocks	54.2%
Fixed income	39.5%
Cash equivalents	0.8%
Real estate equity	5.5%
Defined contribution asset mix	
Company stock	85.8%
Other stock	5.8%
GICs/BICs	6.4%
Cash equivalents	2%

ST. LOUIS — As of Sept. 30, Anheuser-Busch Cos.' total employee



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benefit assets increased 1.9% from year earlier. Defined benefit assets increased 16.7% during the same period; defined contribution assets decreased 11.8%.

Equity managers: Domestic — Dalton, Greiner; Independence; Mellon Capital; Frank Russell; and Vanguard.

Fixed-income managers: Domestic — Boatmen's; Equitable Capital; General American; Independence; Mellon Capital; J.P. Morgan; and Frank Russell.

Real estate managers: Aetna; Equitable; JMB; and LaSalle.

The master trustee is Boatmen's Trust.

Key personnel overseeing the investment management of the fund are Jerry Ritter, vice president and group executive; Gerald Thayer, vice president and treasurer; and David Sauerhoff, manager-corporate pension investment.

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Arizona State Retirement System

	($ millions)
Total assets	8,850
Defined benefit	8,850
Employer DB contributions	133
Benefit payments	320
Defined benefit asset mix	
Stocks	45%
Fixed income	52%
Mortgages	3%

PHOENIX, Ariz. — As of Sept. 30, the Arizona State Retirement System's total employee benefit assets increased 22.3% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Boston Co.; IDS; INVESCO MIM; J.P. Morgan; and Wells Fargo Nikko.

International — State Street Bank and Wells Fargo.

Fixed-income managers: Domestic — Boston Co.; Duff & Phelps; IDS; INVESCO MIM; J.P. Morgan; and Wells Fargo Nikko.

Arizona mortgage manager: Valley National Bank.

The master custodian and global custodian is Mellon Bank; the investment consultant is Mercer.

Key personnel overseeing the investment management of the fund are Donna M. Buelow, investment accounting manager; Theresa Donohue, investment accounting manager-domestic trades; and Juanita Miller, investment accounting manager-foreign trades and portfolios.

Top 200 funds by category

Top corporate funds

Fund	($ millions)
AT&T	45,028
General Motors	40,800
General Electric	31,078
IBM	29,000
Ford Motor	22,700
Du Pont	20,501
NYNEX	16,740
AMERITECH	15,600
GTE	14,976
Bell Atlantic	14,741
Total	**251,164**

Top miscellaneous funds

Fund	($ millions)
TIAA-CREF	99,600
University of California	16,988
United Nations	9,798
United Methodists	4,333
World Bank	3,950
Southern Baptist	3,149
Presbyterian Church	2,700
Nat'l Rural Electric Co-op	2,497
Evangelical Lutheran Church	2,223
Episcopal Church	1,963
Total	**147,201**

Top public funds

Fund	($ millions)
California Employees	64,658
New York State & Local	50,081
New York City	48,876
California State Teachers	37,367
New York State Teachers	32,514
New Jersey	31,280
Texas Teachers	29,477
Florida State Board	25,517
Ohio Employees	24,272
Wisconsin State	22,790
Total	**366,832**

Top union funds

Fund	($ millions)
Central States Teamsters	11,163
Western Teamsters	10,825
UMWA	5,562
Nat'l Electrical Contractors	4,308
Boilermakers-Blacksmiths	2,834
Operating Engineers	2,570
Bakery & Confectionery	2,468
S. California UFCW	2,288
Hospital/Healthcare	2,249
I.A.M. Nat'l Pension	1,905
Total	**46,172**

Largest defined benefit plans

Fund	($ millions)
California Employees	64,658
New York State & Local	50,081
New York City	48,876
California State Teachers	37,367
AT&T	35,309
General Motors	34,200
New York State Teachers	32,514
New Jersey	31,000
Texas Teachers	29,477
Florida State Board	25,517
Total	**388,999**

Largest defined contribution plans

Fund	($ millions)
TIAA-CREF	99,600
Federal Retirement Thrift	10,198
AT&T	9,719
Du Pont	7,215
Procter & Gamble	6,925
General Motors	6,600
Boeing	6,383
Sears, Roebuck	5,932
General Electric	5,776
Exxon	5,322
Total	**163,670**

Arkansas Teacher Retirement System

	($ millions)
Total assets	2,726
Defined benefit	2,726
Employer DB contributions	94
Benefit payments	98
Internally managed assets	43
Defined benefit asset mix:	
Stocks	45.4%
Fixed income	40.6%
Cash equivalents	10.2%
Real estate equity	0.1%
Mortgages	3.7%

LITTLE ROCK, Ark. — As of Sept. 30, the Arkansas Teacher Retirement System's total employee benefit assets increased 23% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; Munder; Oppenheimer.

Fixed-income managers: Domestic — First Commercial.

The master custodian is First Commercial Bank.

The investment consultant is Shearson Lehman.

Key personnel overseeing the investment management of the fund are Bill A. Shirron, executive director; Mavolene C. Booth, associate director-investments; and Wayne Greathouse, investment administrator.

Atlantic Richfield Co.

	($ millions)
Total assets	4,028
Defined benefit	2,508
Total defined contribution	1,520
401(k)	928
Thrift/savings	592
Employer DB contributions	14
Benefit payments	157
Employer DC contributions	74
Internally managed assets:	
Total DB	1,618
Total DC	22
Defined benefit asset mix:	
Stocks	63%
Fixed income	21%
Cash equivalents	4%
Real estate equity	7%
GICs/BICs	1%
Mortgages	1%
Other	3%
Defined contribution asset mix:	
Company stock	62%
Other stock	6%
Fixed income	1%
Cash equivalents	31%

LOS ANGELES — As of Sept. 30, Atlantic Richfield Co.'s total employee benefit assets increased 12.7% from a year earlier. Defined benefit assets increased 18.9% during the same period; defined contribution assets increased 3.8%.

Equity managers: Domestic — Duncan-Hurst; Eagle Capital; Equinox Capital; GAMCO.

International — Capital Guardian; Capital International; Emerging Markets Investors; G.T. Capital; Rowe Price-Fleming; TCW.

Fixed-income managers: Domestic — W.R. Huff; J.P. Morgan; Weiss, Peck & Greer.

International — Baring International.

Real estate managers: AEW; Lehndorff; Metric.

Cash equivalent manager: Payden & Rygel.

The master trustee and global custodian is State Street Bank & Trust; the investment consultant is Collins.

Key personnel overseeing the investment management of the fund are Beverly Hamilton, vice president/investment officer; Richard W. Steenken, domestic equity director; and R. James Miller, fixed-income director.

B

Bakery & Confectionery Union & Industrial International Pension Fund

	($ millions)
Total assets	2,468
Defined benefit	2,468
Employer DB contributions	178
Benefit payments	200
Internally managed assets	148
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	45.6%
Fixed income	40.8%
Cash equivalents	6.2%
Real estate equity	0.9%
Mortgages	6.5%

KENSINGTON, Md. — As of Sept. 30, the Bakery & Confectionery Union & Industrial International Pension Fund's total employee benefit assets increased 19.2% from a year earlier. All of the assets are defined benefit.

Balanced managers: Eagle Asset; Lazard Freres; Loomis, Sayles; Investment Advisors; Mitchell Hutchins; Stein, Roe; TCW; Wertheim.

Fixed-income managers: Amalgamated Bank; Bridgewater; Mercantile; NCM Capital; Prudential Asset; V.A. Reid.

Real estate managers: AFL-CIO Housing Investment Trust/Building Investment Trust.

Index manager: Wells Fargo.

The master custodian is Mercantile Savings & Trust Bank.

Key personnel overseeing the investment management of the fund are Richard J. Swift, director of investments; J. Fleming, administrative director; and R. Gaspari, direction of operations.

BankAmerica Corp.

	($ millions)
Total assets	1,971
Defined benefit	1,075
Total defined contribution	896
401(k)	846
TRASOP	50
Employer DB contributions	50
Benefit payments	121
Employer DC contributions	38
Internally managed assets:	
Total DB	16
Total DC	770
Hedging devices used:	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	54%
Fixed income	40%
Cash equivalents	1%
Real estate equity	2%
Annuities	1%
Other	2%
Defined contribution asset mix:	
Company stock	58%
Other stock	10%
Fixed income	5%
GICs/BICs	14%
Cash equivalents	13%

SAN FRANCISCO — As of Sept. 30, BankAmerica Corp.'s total employee benefit assets increased 36.4% from a year earlier. Defined benefit assets increased 18.5% during the same period; defined contribution assets increased 66.5%.

Equity managers: Domestic — Alli-

Top 200 funds with defined contribution assets managed internally

($ millions)

Fund	Total	Equities	Bonds	Short-term	Real estate	Mortgages	Other
TIAA-CREF	99,600	40,500	26,200	4,700	5,400	20,900	1,900
Federal Retirement Thrift	9,207	0	0	9,207	0	0	0
Procter & Gamble	6,000	6,000	0	0	0	0	0
Sears, Roebuck	5,779	1,249	812	1,104	0	0	2,614
General Electric	5,776	1,160	3,871	745	0	0	0
University of California	2,889	1,489	1,321	79	0	0	0
Exxon	2,862	0	1,460	1,402	0	0	0
Texas Municipal	2,710	0	2,710	0	0	0	0
Westinghouse Electric	2,533	234	0	0	0	0	2,299
Texas County & District	2,509	0	2,509	0	0	0	0
Eastman Kodak	2,252	na	na	na	na	na	na
Prudential Insurance	1,815	262	1,553	0	0	0	0
Pacific Telesis	1,697	1,212	0	0	0	0	485
ICMA Retirement	1,421	0	0	0	0	0	1,421
Evangelical Lutheran Church	1,333	144	1,113	70	6	0	0
Metropolitan Life	1,249	230	0	0	11	0	1,008
Grumman	1,188	426	647	115	0	0	0
Aetna Life	1,157	319	0	0	0	0	838
Tenneco	893	231	0	636	0	0	26
Halliburton	774	na	na	na	na	na	na
BankAmerica	770	539	122	109	0	0	0
Bell Atlantic	767	0	0	0	0	0	767
CIGNA	734	103	627	4	0	0	0
Union Carbide	726	0	582	4	0	0	140
Travelers	616	218	398	0	0	0	0
Citibank	541	166	0	335	0	0	40
Bechtel Power	505	101	141	221	0	42	0
USX	430	220	40	0	0	0	170
Eli Lilly	425	0	0	0	0	0	425
Georgia-Pacific	350	0	0	0	0	0	350
New York Life	294	49	184	8	0	0	53
New Jersey	280	120	80	80	0	0	0
General Dynamics	231	0	231	0	0	0	0
Nat'l Rural Electric Co-op	199	59	106	34	0	0	0
Minnesota Mining & Mfg.	141	0	141	0	0	0	0
United Parcel Service	141	na	na	na	na	na	na
American Airlines	135	0	0	135	0	0	0
United Methodists	133	0	0	0	0	0	133
Minnesota State	81	0	81	0	0	0	0
Owens-Illinois	36	36	0	0	0	0	0
Atlantic Richfield	22	0	22	0	0	0	0
Kaiser Permanente	15	0	15	0	0	0	0
Total	**161,216**	**55,067**	**44,966**	**18,988**	**5,417**	**20,942**	**12,669**

Top 200 funds with indexed assets managed internally

($ millions)

		Defined benefit		Defined contribution	
Fund	Total	Indexed equities	Indexed bonds	Indexed equities	Indexed bonds
TIAA-CREF	27,800	0	0	27,800	0
New York State & Local	18,246	18,246	0	0	0
California Employees	17,947	17,947	0	0	0
California State Teachers	17,409	0	17,409	0	0
New York State Teachers	17,165	17,165	0	0	0
Florida State Board	9,372	5,505	3,867	0	0
Maryland State	7,900	1,200	6,700	0	0
General Electric	5,651	4,970	0	681	0
Du Pont	3,679	3,679	0	0	0
Colorado Employees	2,522	2,522	0	0	0
NYNEX	1,894	1,173	721	0	0
U S WEST	1,758	1,121	637	0	0
Chrysler	1,442	1,034	408	0	0
Kentucky Retirement	1,200	1,200	0	0	0
Westinghouse Electric	1,190	645	545	0	0
Washington State Board	1,009	0	1,009	0	0
State of Michigan	977	977	0	0	0
Utah State	950	950	0	0	0
Exxon	843	843	0	0	0
Prudential Insurance	838	682	156	0	0
Texas Employees	775	775	0	0	0
Sears, Roebuck	695	695	0	0	0
San Francisco City & County	618	618	0	0	0
Mass. Teachers/Employees	610	610	0	0	0
Travelers	564	455	70	39	0
UMWA	545	0	545	0	0
Georgia Teachers	540	540	0	0	0
Kentucky Teachers	424	220	204	0	0
Caterpillar	290	290	0	0	0
Alabama Retirement	266	266	0	0	0
CIGNA	242	206	36	0	0
Boeing	200	200	0	0	0
New York Life	186	0	0	2	184
Aetna Life	182	51	131	0	0
Delta Air Lines	179	179	0	0	0
Connecticut Trust	175	0	175	0	0
Metropolitan Life	43	0	0	43	0
USX	20	0	0	20	0
S. California Edison	19	19	0	0	0
Total	**146,365**	**84,983**	**32,613**	**28,585**	**184**

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International — State Street Bank; WorldInvest.

Fixed-income managers: Domestic — Criterion; Standish Ayer & Wood; Western Asset.

International — WorldInvest.

Real estate managers: AMB; CB Commercial; Equitable; TCW.

Other managers: KKR; Oak; Weiss, Peck & Greer.

The master trustee and global custodian is Bank of America; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Joel Damon, vice president; Ray Peters, treasurer; and Frank Newman, chief financial officer.

Bechtel Power Corp.

	($ millions)
Total assets	1,929
Total defined contribution	1,929
Profit-sharing	544
401(k)	1,385
Internally managed assets	505
Hedging devices used	
Stock options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined contribution asset mix	
U.S. stock	34%
Fixed income	26%
Cash equivalents	3%
Real estate	5%
International stock	23%
International bonds	9%

SAN FRANCISCO — As of Sept. 30, Bechtel Power Corp.'s total employee benefit assets increased 19.2% from a year earlier. All assets are defined contribution.

Equity managers: Domestic — BEA; Columbia; Dodge & Cox; Fremont Investors; Jacobs Levy; Morgan Grenfell; Sit Investment; Wellington.

International — Acadian; Boston International; J.P. Morgan; Wells Fargo Nikko.

Fixed-income managers: Domestic — Columbia; Fremont; PIMCO.

International — J.P. Morgan; Wells Fargo Nikko.

Real estate managers: Aetna; Cabot, Cabot & Forbes; Corporate Property; Prudential; RREEF.

TAA managers: Bailard, Biehl & Kaiser; Brinson; Quantilogic.

The master trustee and global custodian is Bankers Trust; the investment consultant is Fremont.

Key personnel overseeing the investment management of the fund are David Redo and Vincent P. Kuhn Jr., investment managers.

Bell Atlantic Corp.

	($ millions)
Total assets	14,741
Defined benefit	11,702
Total defined contribution	3,039
401(k)	2,340
ESOP	671
Other	28
Employer DB contributions	7
Benefit payments	492
Employer DC contributions	82
Internally managed assets	
Total DC	767
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	51.5%
Fixed income	22.1%
Cash equivalents	2.6%
Real estate equity	13.3%
Venture capital	3.1%
TAA	7.4%
Defined contribution asset mix	
Company stock	47%
Other stock	11%
Fixed income	7%
GICs/BICs	35%

PHILADELPHIA — As of Sept. 30, Bell Atlantic Corp.'s total employee benefit assets increased 5.7% from last year's estimated level. Defined benefit assets increased 5.2% during the same period; defined contribution assets increased 7.8%.

The master trustees are Mellon Bank for the defined benefit plan and Bankers Trust for the defined contribution plan; the global custodian is State Street Bank; the investment consultant is Russell.

The key person overseeing the investment management of the fund is Thomas Cowhey, executive director-trust investment.

BellSouth Corp.

	($ millions)
Total assets*	14,570

**as of June 30, 1991*

ATLANTA — As of June 30, BellSouth Corp.'s total employee benefit assets increased 3% from a year earlier.

The key person overseeing the investment management of the fund is Kincaid Patterson, managing director-trust asset management.

Bethlehem Steel Corp.

	($ millions)
Total assets	3,325

Defined benefit	3,325
Employer DB contributions	261
Benefit payments	457
Internally managed assets	3,295
Defined benefit asset mix	
Stocks	34%
Fixed income	60%
Cash equivalents	6%

BETHLEHEM, Pa. — As of Sept. 30, Bethlehem Steel Corp.'s total employee benefit assets increased 8% from a year earlier. All assets are defined benefit.

Equity managers: International — Putnam; Morgan International Equity Fund.

The master custodian is Bankers Trust.

The key person overseeing the investment management of the fund is J. Gerard Mead, manager-pension fund.

The Boeing Co.

	($ millions)
Total assets	14,010
Defined benefit	7,627
Total defined contribution	6,383
401(k)	5,604
Other	779
Employer DB contributions	500
Benefit payments	300
Employer DC contributions	50
Hedging devices used:	
Stock options	
Stock index futures	
Short selling	
Defined contribution asset mix:	
Company stock	4%
Other stock	25%
Fixed income	11%
GICs/BICs	55%
Cash equivalents	5%

SEATTLE — As of Sept. 30, The Boeing Co.'s total employee benefit assets increased 20.8% from a year earlier. Defined benefit assets increased 19.2% during the same period; defined contribution assets increased 22.8%.

Equity managers: Domestic — Alliance; Athene-Coronado; Capital Guardian; Chancellor; Davis Skaggs; First Interstate; IDS: Janus; MAS; Primecap; Provident; RCM; Sirach; Sit; TCW; Tiffany; and Waite & Correnti.

International — Capital Guardian.

Fixed-income managers: Domestic — Alliance; Chancellor; First Interstate; IDS; INVESCO; MAS; McKee; Olympic Capital; Payden & Rygel; PIMCO; Prudential; RCM; Seattle Capital; Sirach; Sit; and TCW.

International — Capital Guardian.

Real estate managers: Aetna and Prudential.

The master trustee and global custodian is Chase. The investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Gary Bland, vice president; Terry Teague, director; and Jim Wadhwani, manager.

Boilermakers-Blacksmiths National Pension Trust

	($ millions)
Total assets	2,834
Defined benefit	2,834
Employer DB contributions	64
Benefit payments	114
Defined benefit asset mix:	
Stocks	45%
Fixed income	36%
Cash equivalents	5%
Real estate equity	8%
Other	6%

KANSAS CITY, Kan. — As of Sept. 30, the Boilermakers-Blacksmiths National Pension Trust's total employee benefit assets increased 18.3% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Atalanta/Sosnoff; Domino; Duff & Phelps; Fiduciary Management; Lazard Freres; Neuberger & Berman; and Shields.

Fixed-income managers: Domestic — Columbia; Duff & Phelps; Financial Counselors; Lehman Ark; Loomis Sayles; and Scudder, Stevens & Clark.

Balanced manager: McMorgan and TCW.

Real estate managers: Copley; Equitable; Karsten; J.P. Morgan; New England; Prudential; John J. Smith.

The master trustee is Brotherhood Bank & Trust; the investment consultant is Callan.

David E. Hanson, financial director, oversees investment management of the fund.

BP America Inc.

	($ millions)
Total assets	2,400
Defined benefit	1,400
Total defined contribution	1,009
Employer DB contributions	60
Benefit payments	110
Employer DC contributions	40
Internally managed assets:	
Total DB	700
Total DC	750
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	70%
Fixed income	25%
Real estate equity	5%
Defined contribution asset mix:	
Company stock	5%

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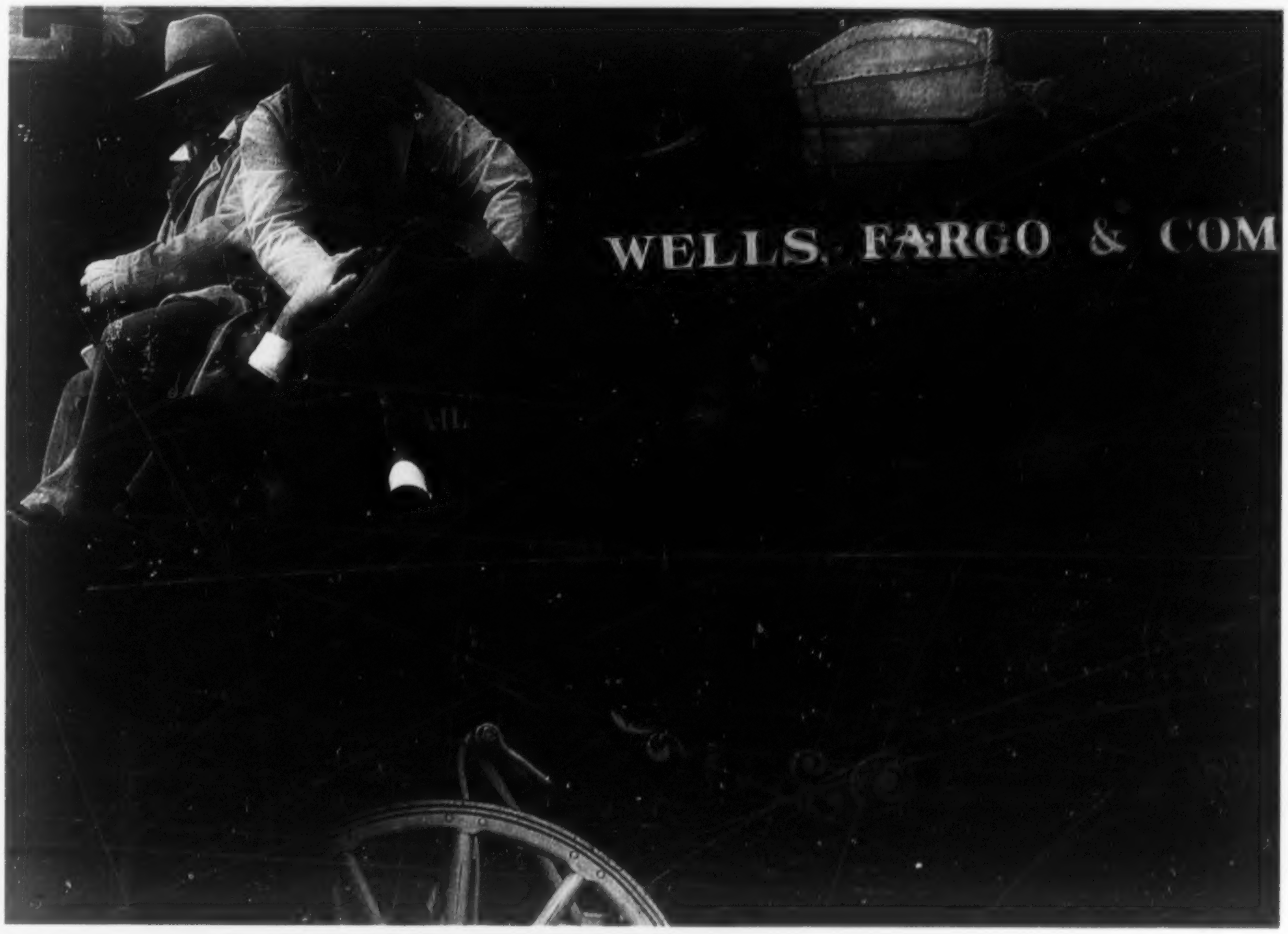

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Other stock	20%
Fixed income	75%

CLEVELAND — As of Sept. 30, BP America Inc.'s total employee benefit assets increased 7.4%. Defined benefit assets increased 9.9% during the same period; defined contribution assets increased 4.1%.

Equity managers: Domestic — Alliance; Hotchkis & Wiley; Mellon; PanAgora; United Capital; and Value Line.

International — Baring and J.P. Morgan.

Fixed-income managers: Domestic — Mellon and J.P. Morgan.

International — J.P. Morgan.

Real estate managers: Aetna; Equitable; First Chicago; and TCW.

Bankers Trust is master trustee and global custodian; the investment consultant is Frank Russell.

The key person overseeing the investment management of the fund is Howard Harpster, director-pension investments.

Bristol-Myers Squibb Co.

	($ millions)
Total assets*	2,479
Defined benefit	1,359
Total defined contribution	1,120

*P&I estimate

NEW YORK — As of Sept. 30, *Pensions & Investments* estimated Bristol-Myers Squibb Co.'s total employee benefit assets at $2.479 billion.

C

California Public Employees' Retirement System

	($ millions)
Total assets	64,658
Defined benefit	64,658
Employer DB contributions	1,444
Benefit payments	2,512
Internally managed assets	52,903
Hedging devices used	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	44.6%
Fixed income	37.8%
Cash equivalents	4.9%
Real estate equity	7.7%
Mortgages	4.9%
Other	0.1%

SACRAMENTO, Calif. — As of Sept. 30, California Public Employees' Retirement System's total employee benefit assets increased 19.7% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Amerindo; Boston Co.; Brown Capital; CIC; DFA; First Capital; Oak; Oppenheimer; RCM; Roll and Ross; Spare, Tengler, Kaplan & Bischel; State Street Bank; Systematic; Taplin, Candia & Habacht; TCW; Tiffany Capital; Valenzuela Capital; ValueQuest; WestPort; Denis Wong.

International — Brinson; Fidelity Management; Morgan Grenfell; Nomura; Oeschle; Schroder; State Street Bank; TCW/Cursitor-Eaton; Warburg.

Fixed-income managers: International — Baring; Brinson; Fiduciary Trust; TCW/Cursitor-Eaton; and Warburg.

Real estate managers: Alex. Brown Kleinwort Benson; AMB; Baring; Equitable; Hancock; IBEX: LaSalle; MacFarlane; Metric; Prudential; RREEF; Sentinel; and TCW.

The master custodian is Boston Safe; the global custodians are Boston Safe and State Street. Wilshire is consultant.

Key personnel overseeing the fund are Dale Hanson, executive officer; DeWitt Bowman, chief investment officer; and Kevin Morrill, manager-administrative support.

California State Teachers' Retirement System

	($ millions)
Total assets	37,367
Defined benefit	37,367

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Top 200 funds with defined contribution assets in indexed equities and bonds

($ millions)

Fund	Total	Indexed equities	Indexed bonds
TIAA-CREF	27,800	27,800	0
J.C. Penney	1,721	1,721	0
Federal Retirement Thrift	991	751	240
Southwestern Bell	897	853	44
General Electric	681	681	0
Philip Morris	629	629	0
Sears, Roebuck	556	556	0
Ford Motor	550	550	0
AT&T	500	500	0
NYNEX	426	263	163
Tennessee Valley Authority	364	364	0
GTE	338	301	37
Martin Marietta	283	283	0
Evangelical Lutheran Church	246	246	0
United Methodists	223	192	31
TRW	216	216	0
United Parcel Service	212	212	0
Trans World Airlines	205	205	0
Unisys	200	200	0
Honeywell	196	196	0
Minnesota State	193	193	0
ICMA Retirement	186	186	0
Minnesota Mining & Mfg.	184	184	0
U S WEST	175	175	0
Exxon	170	170	0
Pacific Telesis	167	167	0
Aluminum Co. of America	163	163	0
Bechtel Power	151	151	0
Motorola	151	151	0
Deere	134	134	0
ITT	128	128	0
BankAmerica	126	83	43
Cooper Industries	125	125	0
American Electric Power	86	86	0
FPL Group	80	80	0
Westinghouse Electric	74	74	0
General Dynamics	73	73	0
GenCorp	63	63	0
S. California Edison	58	51	7
Georgia-Pacific	56	56	0
Navistar	49	49	0
Metropolitan Life	43	43	0
Travelers	39	39	0
Kaiser Permanente	34	34	0
Raytheon	34	34	0
Eli Lilly	30	30	0
Anheuser-Busch	26	24	2
Delta Air Lines	23	23	0
S. New England Telephone	22	22	0
CIGNA	21	7	14
USX	20	20	0
Southern Co.	19	19	0
Xerox	9	9	0
Halliburton	7	7	0
Tenneco	7	4	3
UMWA	6	6	0
Southern Baptist Convention	4	4	0
New York Life	2	2	0
Total	**40,172**	**39,588**	**584**

Employer DB contributions	585
Benefit payments	1,026
Internally managed assets	20,301
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	40.6%
Fixed income	47%
Cash equivalents	6%
Real estate equity	4.6%
Mortgages	1.8%

SACRAMENTO — As of Sept. 30, the California State Teachers' Retirement System total employee benefit assets increased 24% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Barrow, Hanley, Mewhinney & Strauss; Denver Investment; Harris, Bretall, Sullivan and Smith; NCM Capital; Oppenheimer; Provident Investment; Sasco; J & W Seligman; Taplin, Canida and Habacht; TCW; Waddell and Reed; Wells Fargo Nikko; and Wright Investors.

Real estate managers: AMB; Equitable; JMB; O'Connor; and TCW Realty.

Other managers: Abbott Capital.

The master custodian is State Street Bank; the investment consultants are Institutional Property Consultants and Pension Consulting Alliance.

Key personnel overseeing the investment management of the fund are Thomas E. Flanigan, chief investment officer, and Elleen Okada, deputy chief executive officer-investments.

University of California

	($ millions)
Total assets	16,988
Defined benefit	13,992
Total defined contribution	2,996
Other	2,996
Internally managed assets:	
Total DB	13,992
Total DC	2,889
Defined benefit asset mix:	
Stocks	78%
Fixed income	21%
Cash equivalents	1%
Defined contribution asset mix:	
Stock	50%
Fixed income	45%
GICs/BICs	2%
Cash equivalents	3%

OAKLAND, Calif. — As of Sept. 30, the University of California's total employee benefit assets increased 36.2% from a year earlier. Defined benefit assets increased 24.8% during the same period; defined contribution assets — all in a 403(b) plan — increased 138.7%.

The master trustee and global custodian is Security Pacific.

Key personnel overseeing the investment management of the fund are Herbert M. Gordon, treasurer, and Patricia Small, assistant treasurer.

Caterpillar Inc.

	($ millions)
Total assets	4,600
Defined benefit	4,000
Total defined contribution	600
Profit-sharing	7
401(k)	593
Employer DB contributions	0
Benefit payments	180
Employer DC contributions	0
Internally managed assets:	
Total DB	300
Defined benefit asset mix:	
Stocks	69%
Fixed income	25%
Real estate equity	6%
Defined contribution asset mix:	
Company stock	10%
Other stock	39%
GICs/BICs	41%
Cash equivalents	10%

PEORIA, Ill. — As of Sept. 30, Caterpillar Inc.'s total employee benefit assets increased 9%. Defined benefit assets increased 10.5%. Defined contribution assets decreased 0.3%.

Equity managers: Domestic — Delaware; Jennison; Mellon Capital; Oppenheimer; PanAgora; and PRIMECAP.

International — Baring; Globe Finlay; HD International; Mellon Capital; and Mercator.

Fixed-income managers: Domestic — Mellon Capital; J.P. Morgan; PanAgora; and UBS.

Real estate managers: Aetna; Brinson; Equitable; and LaSalle.

The master trustee and global custodian is Northern Trust; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Robert C. Frantz, manager-employee benefit funds, and Lisa A. Schlehuber, benefit funds administrator.

Chevron Corp.

	($ millions)
Total assets	8,377
Defined benefit	3,983
Profit-sharing/savings	4,394
Employer DB contributions	17
Benefit payments	250
Employer DC contributions	79
Internally managed assets:	

Top 200 funds with assets in oil and gas*

Fund	($ millions)
AT&T	181
General Electric	144
GTE	101
Honeywell	58
U S WEST	44
Southwestern Bell	36
S. New England Telephone	32
Exxon	29
Ford Motor	25
Delta Air Lines	22
USX	20
ITT	19
Aluminum Co. of America	15
Caterpillar	9
Xerox (DB)	9
Mass. Teachers/Employees	7
Georgia-Pacific	5
BankAmerica	3
Owens-Illinois	2
Maine State	1
Xerox (DC)	1
Total	**763**

*All assets defined benefit, unless noted.

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Total DB	400
Hedging devices used:	
Stock options	
Bond options	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	53%
Fixed income	31%
Cash equivalents	5%
Real estate equity	11%
Defined contribution asset mix:	
Company stock	86%
Other stock	3%
GICs	9%
Cash equivalents	2%

SAN FRANCISCO — As of Sept. 30, Chevron Corp.'s total employee benefit assets increased 17% from a year earlier's estimate.

Equity managers: Domestic — Sanford Bernstein; Dodge & Cox; First Pacific; Franklin; Independence; Jennison; Merus; J.P. Morgan; and RCM Capital.

International — State Street Bank and Wells Fargo Nikko.

Fixed-income managers: Domestic — J.P. Morgan; PIMCO; State Street Research; and STW.

Real estate managers: Equitable; Prudential; and RREEF.

Other Managers: Concord Partners; Hellman & Friedman; KKR; Mellon Capital; and Wells Fargo.

The master trustee is Bankers Trust; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are M.R. Klitten, vice president-finance; D.G. Henderson, assistant comptroller; and N.G. Darling, manager-investment analysis.

Municipal Employees' Annuity & Benefit Fund of Chicago

	($ millions)
Total assets*	2,220
Defined benefit	2,220
Employer DB contributions	125
Benefit payments	143

*as of June 30, 1991

Hedging devices used:	
Stock options	
Defined benefit asset mix:	
Stocks	36%
Fixed income	36%
Cash equivalents	23%
Mortgages	2%
Venture capital	3%

CHICAGO — As of June 30, the Municipal Employees' Annuity & Benefit Fund of Chicago's total employee benefit assets increased 7.4% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; Ariel; Bankers Trust; Bear Stearns; Brinson; Chicago Asset; Great Lakes; Keeley; Oppenheimer; Weiss, Peck & Greer; Wellington.

International — Frank Russell.

Fixed-income managers: Domestic — Alliance; Bankers Trust; Brinson; Cisneros; Lincoln Capital.

Real estate managers: Birtcher; Capital Associates; Prudential.

Venture capital managers: Chancellor; First Analysis; Mesirow.

The master custodian is Continental Bank; the investment consultant is Becker, Burke.

Key personnel overseeing the investment management of the fund are Wayne N. Marshall, president of the board of trustees; Walter K. Knorr, vice president of the board of trustees; and James L. Stack, acting executive director.

Public School Teachers' Pension and Retirement Fund of Chicago

	($ millions)
Total assets	4,000
Defined benefit	4,000
Internally managed assets:	
Total DB	750

CHICAGO — As of Sept. 30, the Public School Teachers' Pension and Retirement Fund of Chicago's total employee benefit assets increased 10.8% from a year earlier. All assets are defined benefit.

Equity managers: Amerindo; Chicago Corp.; Oppenheimer; RCM; Schroder; Scudder, Stevens; UBS; Waddell & Reed.

Fixed-income managers: CSI; Harris Bank; Morgan Stanley.

The master trustee is Northern Trust through the city treasurer; the investment consultant is Mercer.

The key person overseeing the investment management of the fund is James F. Ward, executive director.

Chrysler Corp.

	($ millions)
Total assets	5,834
Defined benefit	4,660
401(k)	1,174
Employer DB contributions	784
Benefit payments	624
Employer DC contributions	4
Internally managed assets:	
Total DB	1,442
Hedging devices used:	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	60%
Fixed income	36%
Cash equivalents	1%
Real estate equity	3%
Defined contribution asset mix:	
Company stock	6.4%
Other stock	6.2%
GICs/BICs	33.4%
Mutual funds	54%

HIGHLAND PARK, Mich. — As of Sept. 30, Chrysler Corp.'s total employee benefit assets increased 14.5% from a year earlier. Defined benefit assets increased 13% during the same period; defined contribution assets increased 20.5%.

Equity managers: Ariel Capital; Associated Capital; Atalanta Sosnoff; Bank of New York; Bankers Trust; Sanford Bernstein; Columbus Circle; Daiwa International; Deutsche Bank Capital; GE investments; Seth Glickenhaus; Greaves; Hancock Capital Growth; InterMedia Partners; Investment Research; Leavy Investment; Manufacturers National Bank of Detroit; Mitchell Hutchins; NCM Capital; Palley-Needelman; Rothschild International; Fayez Sarofim; Smith Barney, Harris Upham; TCW; Veronis, Suhler.

Fixed-income managers: Aetna Life; Bankers Trust; Bank of New York; Blackstone Short Duration; Metropolitan Realty; Morgan Guaranty; J.P. Morgan Petroleum; Morgan Stanley; National Bank of Detroit; Solon Asset; State Street Research; Travelers; TCW.

Real estate managers: JMB; Prudential; RREEF.

The master trustee and global custodian is Bankers Trust.

Key personnel overseeing the investment management of the fund are T.J. Osborn, treasurer; T.P. Capo, assistant treasurer; and R.P. Flynn, manager-pension fund investments.

CIGNA Corp.

	($ millions)
Total assets	2,236
Defined benefit	1,369
Total defined contribution	867
Profit-sharing	115
Thrift/savings	641
Other	111
Employer DB contributions	43
Benefit payments	58
Employer DC contributions	42
Internally managed assets:	
Total DB	1,369
Total DC	734
Defined benefit asset mix:	
Stocks	54.9%
Fixed income	38.1%
Cash equivalents	0.5%
Real estate equity	6.5%
Defined contribution asset mix:	
Company stock	5.8%
GICs/BICs	81.5%
Other	12.7%

PHILADELPHIA — As of Sept. 30, CIGNA Corp.'s total employee benefit assets increased 30.7% from a year earlier. Defined benefit assets increased 23.7% during the same period; defined contribution assets increased 43.5%.

All assets are managed by CIGNA

Time Machine

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affiliates except for a small amount in real estate managed by Coldwell Banker.

The master trustee is CG Trust Co.; the investment consultant is Connecticut General Pension Services Inc.

Key personnel overseeing the investment management of the fund are James Stewart and George R. Trumbull, executive vice presidents and chief financial officers.

Citibank N.A.

	($ millions)
Total assets	2,477
Defined benefit	1,757
401(k)	720
Employer DB contributions	0
Employer DC contributions	91
Internally managed assets:	
Total DB	137
Total DC	641
Hedging devices used:	
Stock options	
Stock index futures	
Defined benefit asset mix:	
Stocks	76.1%
Fixed income	9.7%
Cash equivalents	9%
Real estate equity	4.9%
Mortgages	0.3%
Defined contribution asset mix:	
Company stock	16.9%
Other stock	23.3%
Fixed income	13.3%
Cash equivalents	46.5%

NEW YORK — As of Sept. 30, Citibank N.A.'s total employee benefit assets increased 23.5% from a year earlier. Defined benefit assets increased 35.2% during the same period; defined contribution assets increased 1.8%.

Equity manager: Domestic — Chancellor.

Fixed-income managers: Domestic — Chancellor.

The master trustee is Citibank.

The key person overseeing the investment management of the fund is Ronald Walter, vice president.

Colorado Public Employees' Retirement Association

	($ millions)
Total assets	10,914
Defined benefit	10,914
Employer DB contributions	341
Benefit payments	361
Internally managed assets	7,780
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	47.4%
Fixed income	34.9%
Cash equivalents	3.3%
Real estate equity	4.5%
GICs/BICs	4.5%
Mortgages	3.7%
Other	1.7%

DENVER — As of Sept. 30, The Colorado Public Employees' Retirement Association's total employee benefit assets increased 18.7% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Denver Investment; Janus; United Capital.

International — Alliance; Baring International; Brinson; Dunedin; Morgan Grenfell; Nomura; Philippe; Schroder.

Fixed-income managers: Domestic — Fischer Francis Trees & Watts; LM Capital; NCM Capital.

International — Julius Baer.

Real estate managers: Heitman; LaSalle; Prudential.

Venture capital/LBO managers: Cattanch; Centennial Fund; Columbine Fund; Colorado Venture Management; Equitable Capital; Hancock; Shearson Lehman Merchant Banking Fund.

The master custodian and global custodian is Northern Trust; the investment consultant is William A. Mercer.

The key person overseeing the investment management of the fund is Norman Benedict, deputy executive director of investments.

Commonwealth Edison Co.

	($ millions)
Total assets	2,379
Defined benefit	2,379
Internally managed assets	1,338
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	53%
Fixed income	44%
Cash equivalents	3%

CHICAGO — As of Sept. 30, Commonwealth Edison Co.'s total employee benefit assets increased 17.2% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — ANB; Bankers Trust; Boston Safe; J.P. Morgan; Wells Fargo.

The master custodian is Northern Trust.

Key personnel overseeing the investment management of the fund are Howard R. Carlson, manager of investments; Rickard P. Schwartz, senior portfolio manager; and Michael J. Borrelli, equity portfolio manager.

The State of Connecticut Trust Funds

	($ millions)
Total assets	9,360
Defined benefit	9,360
Employer DB contributions	366
Benefit payments	527
Internally managed assets	1,235
Defined benefit asset mix:	
Stocks	49%
Fixed income	30%
Cash equivalents	4%
Real estate equity	14%
Mortgages	3%

HARTFORD, Conn. — As of Sept. 30, the State of Connecticut Trust Funds' total employee benefit assets increased 18.5% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Aetna; Atalanta-Sosnoff; Ariel; Bankers Trust; Capital Guardian; Connecticut National; Franklin Portfolio; Independence; Oppenheimer; Phoenix; Roll and Ross; State Street Research; Wellington; and Wright.

International — Boston International; Capital Guardian; DFA; Nomura; Parametric; Philippe; and Schroder.

Fixed-income managers: Domestic — Bear Stearns; Loomis Sayles; PIMCO; Standish Ayer; and STW.

International — Julius Baer; Brinson; Smith Barney; and State Street Bank.

Real estate managers: Aetna; AEW; CIGNA; Copley; Hart; Heitman; JMB; LaSalle; J.P. Morgan; Phoenix; PSI; RREEF; Sentinel; State Street Bank; and TCW.

Venture capital manager: Bigler Crossroads.

The master trustee and global custodian is Boston Safe Deposit; the investment consultants are TPF&C (domestic) and Pension Consulting Alliance (international and real estate).

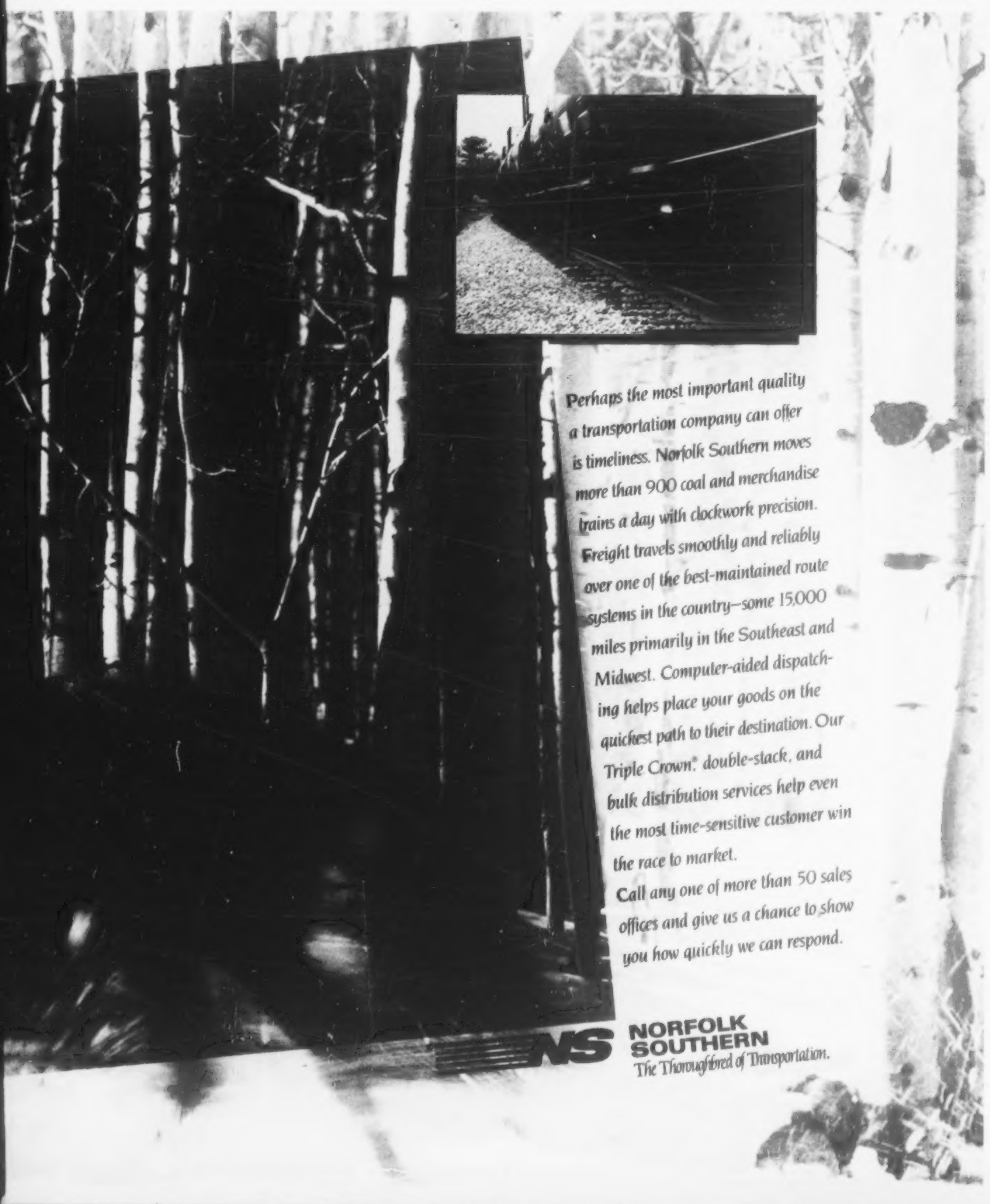
Key personnel overseeing the investment management of the fund are Frank P. McDermott, chief investment officer and assistant treasurer; Sylvia Ferrell-Jones, senior investment officer-real estate; and John C. Winchester, senior investment officer-pension analysis.

Consolidated Edison Co. of New York Inc.

	($ millions)
Total assets	3,850
Defined benefit	3,450
401(k)	400
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	

NEW YORK — As of Sept. 30, Consolidated Edison Co. of New York Inc.'s total employee benefit assets increased 18.2% from a year earlier. Defined benefit assets increased 19.7% during the same period; defined contribution assets increased 7%.

Money managers: Batterymarch; Boston Co.; Chancellor; Equitable Life, Iowa; First Manhattan; JMB; WR Lazard; Mellon Capital; Metropolitan Life; J.P. Morgan; PanAgora, Prudential



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Asset; Putnam; State Street Research; Travelers; and Wells Fargo Nikko.

The master trustee and global custodian is State Street Bank; the investment consultant is Evaluation Associates.

The key person overseeing the investment management of the fund is John N. Bell, assistant treasurer.

Cooper Industries Inc.

	($ millions)
Total assets	1,975
Defined benefit	930
Total defined contribution	1,045
401(k)	860
Thrift/savings	25
Money purchase	160

Defined benefit asset mix:	
Stocks	28%
Cash equivalents	72%
Defined contribution asset mix:	
Company stock	37%
Other stock	13%
GICs/BICs	46%
Cash equivalents	2%
Loans	2%

HOUSTON — As of Sept. 30, Cooper Industries Inc.'s total employee benefit assets increased 13.5% from a year earlier. Defined benefit assets increased 1.1% during the same period; defined contribution assets increased 27.4%.

Equity manager: Domestic — Mellon Capital.

The master custodian is Citibank.

The key person overseeing the investment management of the fund is Dwight S. Kadar, director.

D

Deere & Co.

	($ millions)
Total assets	3,069
Defined benefit	2,655
401(k)	414
Employer DB contributions	171
Benefit payments	190
Employer DC contributions	14

Internally managed assets:	
Total DB	1,941
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	72.7%
Fixed income	20.6%
Cash equivalents	2.3%
Real estate equity	2.6%
Venture capital	1.8%
Defined contribution asset mix:	
Company stock	6.6%
Fixed income	0.5%
GICs/BICs	67.6%
Other	25.3%

MOLINE, Ill. — As of Sept. 30, Deere & Co.'s total employee benefit assets increased 25.3% from a year earlier. Defined benefit assets increased 23.8% during the same period; defined contribution assets increased 35.3%.

Equity managers: Domestic — Batterymarch; DFA; Jacobs/Levy; Morgan Guaranty; and Roll and Ross.

International — Acadian; Batterymarch; DFA; Roll and Ross; and Wells Fargo Nikko.

Real estate managers: AEW; Copley; LaSalle; Morgan Guaranty; and TCW.

The master trustee and global custodian is Boston Safe.

They key person overseeing the investment management of the fund is D.R. Schwartz, managing director-investments.

Delta Air Lines Inc.

	($ millions)
Total assets	5,139
Defined benefit	4,110
Total defined contribution	1,029
401(k)	75
Thrift/savings	894
ESOP	60
Employer DB contributions	188
Benefit payments	108
Employer DC contributions	36

Internally managed assets:	
Total DB	536
Defined benefit asset mix:	
Stocks	61%
Fixed income	22%

Top 200 funds with defined benefit assets managed internally

($ millions)

Fund	Total	Equities	Bonds	Short-term	Real estate equity	Mortgages	Foreign equities	Foreign bonds	Foreign cash	Other
California Employees	52,903	17,978	25,021	1,523	5,073	3,307	0	0	0	1
New York State & Local	38,271	18,246	18,940	1,085	0	0	0	0	0	0
New Jersey	31,000	15,400	14,250	600	0	0	0	750	0	0
New York State Teachers	29,619	16,427	9,766	703	6	1,916	739	0	0	62
Texas Teachers	29,477	13,000	13,025	562	430	1,810	650	0	0	0
Ohio Employees	23,267	4,976	14,615	3,656	0	0	0	0	0	20
General Electric	22,245	9,643	7,215	491	1,753	400	945	0	0	1,798
Wisconsin State	21,179	10,888	5,410	389	683	151	0	0	0	3,658
California State Teachers	20,301	0	17,409	2,220	0	672	0	0	0	0
Ohio Teachers	20,200	6,969	9,252	577	2,056	1,324	0	0	0	22
State of Michigan	18,910	6,755	6,188	3,959	900	1,006	0	0	0	102
Florida State Board	14,526	6,050	8,254	166	56	0	0	0	0	0
North Carolina	14,051	0	13,986	65	0	0	0	0	0	0
University of California	13,992	10,936	2,789	0	0	0	49	218	0	0
Du Pont	13,024	7,319	3,563	857	0	0	862	423	0	0
Tennessee Consolidated	9,968	3,369	4,313	553	0	1	344	288	0	1,100
Alabama Retirement	9,920	752	5,692	1,146	60	2,111	152	0	0	7
United Nations	9,798	2,011	1,361	188	911	0	2,485	2,473	369	0
USX	9,420	5,070	2,760	890	250	30	240	160	0	20
South Carolina	9,386	0	8,702	684	0	0	0	0	0	0
Maryland State	8,100	1,200	6,700	200	0	0	0	0	0	0
Georgia Teachers	7,866	540	6,838	475	3	10	0	0	0	0
Colorado Employees	7,780	3,783	3,527	103	56	311	0	0	0	0
Texas Employees	7,683	2,245	5,363	75	0	0	0	0	0	0
Minnesota State	6,224	560	5,664	0	0	0	0	0	0	0
Washington State Board	6,082	44	5,107	931	0	0	0	0	0	0
Prudential Insurance	4,926	1,783	1,270	463	569	0	480	332	29	0
Oregon Employes	3,820	0	2,340	0	238	640	0	190	0	412
Mass. Teachers/Employees	3,338	610	2,346	382	0	0	0	0	0	0
Bethlehem Steel	3,295	1,097	1,980	218	0	0	0	0	0	0
General Dynamics	3,037	577	2,460	0	0	0	0	0	0	0
Pennsylvania Public Schools	3,000	na	na	na	na	na	na	na	na	na
AT&T	2,979	0	0	0	1,546	0	0	0	0	1,433
GTE	2,822	883	1,939	0	0	0	0	0	0	0
Utah State	2,700	950	1,650	0	100	0	0	0	0	0
Metropolitan Life	2,608	na	na	na	na	na	na	na	na	na
San Francisco City & County	2,464	764	1,700	0	0	0	0	0	0	0
New Mexico Educational	2,426	410	1,916	73	0	0	27	0	0	0
Union Carbide	2,404	812	1,362	46	154	0	0	0	0	30
Sears, Roebuck	2,383	1,541	719	20	0	0	0	0	0	103
Grumman	2,314	841	1,018	455	0	0	0	0	0	0
Alaska State	2,300	0	2,300	0	0	0	0	0	0	0
Ohio Police & Fire	2,244	0	2,002	242	0	0	0	0	0	0
Montana Board	1,995	442	1,279	135	0	119	0	0	0	20
Aetna Life	1,950	1,305	131	6	84	20	89	0	0	315
Deere	1,941	1,382	559	0	0	0	0	0	0	0
Ohio School Employees	1,896	281	772	94	35	27	0	0	0	687
NYNEX	1,894	1,173	721	0	0	0	0	0	0	0
Kentucky Teachers	1,783	220	657	764	37	105	0	0	0	0
U S WEST	1,758	1,121	637	0	0	0	0	0	0	0
Kentucky Retirement	1,737	1,200	0	517	0	0	0	0	0	20
Westinghouse Electric	1,622	334	567	119	0	0	0	0	0	602
Travelers	1,621	518	87	7	55	0	323	29	0	602
Atlantic Richfield	1,618	1,017	262	79	0	0	240	0	0	20
Allied-Signal	1,500	na	na	na	na	na	na	na	na	na
Ford Motor	1,500	0	1,500	0	0	0	0	0	0	0
Chrysler	1,442	1,034	408	0	0	0	0	0	0	0
Illinois State	1,405	0	1,293	112	0	0	0	0	0	0
CIGNA	1,368	604	225	7	90	0	147	36	0	259
Commonwealth Edison	1,338	214	1,041	83	0	0	0	0	0	0
Connecticut Trust	1,235	0	895	340	0	0	0	0	0	0
New York City	1,121	0	0	871	0	250	0	0	0	0
Martin Marietta	1,061	217	201	643	0	0	0	0	0	0
New York Life	970	0	970	0	0	0	0	0	0	0
Hawaii State	898	30	101	52	379	336	0	0	0	0
Exxon	858	843	0	15	0	0	0	0	0	0
Nat'l Rural Electric Co-op	826	428	274	124	0	0	0	0	0	0
Chicago Public Schools	750	na	na	na	na	na	na	na	na	na
Virginia	718	718	0	0	0	0	0	0	0	0
BP America	700	na	na	na	na	na	na	na	na	na
UMWA	695	0	545	150	0	0	0	0	0	0
Digital Equipment	540	na	na	na	na	na	na	na	na	na
Delta Air Lines	536	251	267	0	0	18	0	0	0	0
Trans World Airlines	499	422	52	25	0	0	0	0	0	0
Louisiana Employees	447	0	438	9	0	0	0	0	0	0
Louisiana Teachers	429	0	0	429	0	0	0	0	0	0
Chevron	400	296	0	104	0	0	0	0	0	0
Los Angeles City	400	0	0	400	0	0	0	0	0	0
K mart	344	0	293	51	0	0	0	0	0	0
Caterpillar	300	300	0	0	0	0	0	0	0	0
Oklahoma Teachers	272	104	0	0	0	0	0	0	0	168
Pacific Telesis	190	na	na	na	na	na	na	na	na	na
Los Angeles Water & Power	149	0	0	149	0	0	0	0	0	0
Bakery & Confectionery	148	0	0	0	24	124	0	0	0	0
TRW	142	130	0	12	0	0	0	0	0	0
S. California Edison	137	137	0	0	0	0	0	0	0	0
Citibank	136	0	0	0	87	5	40	0	4	0
Owens-Illinois	135	135	0	0	0	0	0	0	0	0
Illinois Municipal	132	0	0	132	0	0	0	0	0	0
Texaco	120	na	na	na	na	na	na	na	na	na
Hewlett-Packard	116	na	na	na	na	na	na	na	na	na
Missouri State	111	0	0	0	88	23	0	0	0	0
New Mexico Employees	110	0	91	13	6	0	0	0	0	0
Los Angeles Fire & Police	108	0	0	108	0	0	0	0	0	0
United Methodists	108	na	na	na	na	na	na	na	na	na
United Parcel Service	97	na	na	na	na	na	na	na	na	na
Central States Teamsters	73	0	0	67	0	0	0	0	0	6
Monsanto	67	0	67	0	0	0	0	0	0	0
Iowa Employees	57	0	0	57	0	0	0	0	0	0
American Airlines	45	0	0	45	0	0	0	0	0	0
Arkansas Teachers	43	na	na	na	na	na	na	na	na	na
Rhode Island Employees	31	0	31	0	0	0	0	0	0	0
Minnesota Mining & Mfg.	26	0	0	0	0	0	0	25	0	1
Southern Baptist Convention	26	0	0	0	10	16	0	0	0	0
Illinois Universities	20	20	0	0	0	0	0	0	0	0
BankAmerica	16	0	0	16	0	0	0	0	0	0
Georgia-Pacific	16	0	16	0	0	0	0	0	0	0
S. California UFCW	8	0	0	8	0	0	0	0	0	0
Total	**548,986**	**189,305**	**265,092**	**29,740**	**15,739**	**14,732**	**7,812**	**4,924**	**402**	**11,468**

Cash equivalents	8%
Real estate equity	3%
Mortgages	2%
Other	4%
Defined contribution asset mix	
Company stock	16%
Other stock	17%
Fixed income	10%
GICs/BICs	57%

ATLANTA — As of Sept. 30, Delta Air Lines Inc.'s total employee benefit assets increased 29.2% from a year earlier. Defined benefit assets increased 29.4% during the same period; defined contribution assets increased 28.3%.

The master trustee and global custodian is Harris Trust.

The key person overseeing the investment management of the fund is James B. Taylor, assistant vice president-investment management.

City of Detroit Retirement Systems

	($ millions)
Total assets*	4,010
Employer DB contributions	129
Benefit payments	205
Employer DC contributions	0

**as of June 30, 1991*

DETROIT — As of June 30, total employee benefit assets of the City of Detroit Retirement Systems increased 2.2% from the amount estimated as of Sept. 30, 1990.

The data above reflect the combined General Retirement and Police & Fire Retirement systems.

General system managers: AFA; Ariel; Boston Co.; Comerica-Detroit; Fiduciary Management; Loomis, Sayles; Marquette Capital; Mortgage Investors Group; Munder; NCM; Oppenheimer; Scudder, Stevens & Clark; and Shields.

Police & Fire system managers: Athene Coronado; ACORN; AFA; Ariel; Bankers Trust; Barnett Banks; Income, Research and Management; Loomis, Sayles; Marquette; Mortgage Investors Group; Munder; North Carolina Mutual; Oppenheimer; Putnam; and State Street Research.

The master custodian is Comerica Bank-Detroit.

Key personnel overseeing the investment management are Thomas Zdrodowski, executive secretary; Joseph Glanton, assistant executive secretary; Nicholas Degel, assistant executive secretary; and Walter Stampor, investment agent.

Digital Equipment Corp.

	($ millions)
Total assets	2,018
Defined benefit	1,585
401(k)	433
Employer DB contributions	0
Benefit payments	35
Employer DC contributions	0
Internally managed assets	
Total DB	540

MAYNARD, Mass. — As of Sept. 30, Digital Equipment Corp.'s total employee benefit assets increased 22.2% from a year earlier. Defined benefit assets increased 17.8% during the same period; defined contribution assets increased 41%.

Equity managers: Domestic — Alliance; Bankers Trust; Capital Guardian; First Quadrant; and Wells Fargo Nikko.

International — Boston International and Capital Guardian.

Fixed-income managers: Domestic — Jennison and PIMCO.

Real estate manager: AEW.

The master trustee is Boston Safe Deposit.

Key personnel overseeing the investment management of the fund are A. Raymond Schmalz, group treasury manager, and John W. Cutler Jr., manager-pension investment analysis.

The Dow Chemical Co.

	($ millions)
Total assets*	4,594
Defined benefit	2,871
Total defined contribution	1,723
Employer DB contributions	80

**P&I estimate*

MIDLAND, Mich. — As of Sept. 30, The Dow Chemical Co.'s total employee benefit assets increased an estimated 14.9% from a year earlier. Defined benefit assets increased an estimated 14.8% during the same period; defined contribution assets increased an estimated 14.9%.

Key personnel overseeing the investment management of the fund are W. Jerry Burroughs, director-portfolio management; Richard C. Cross, senior portfolio manager-fixed income and real estate; and W.H. Falk, operations manager.

E.I. du Pont de Nemours

	($ millions)
Total assets	20,501
Defined benefit	13,286
Total defined contribution	7,215
401(k)	252
Thrift/savings	6,607
ESOP	206
Other	150
Employer DB contributions	0

W

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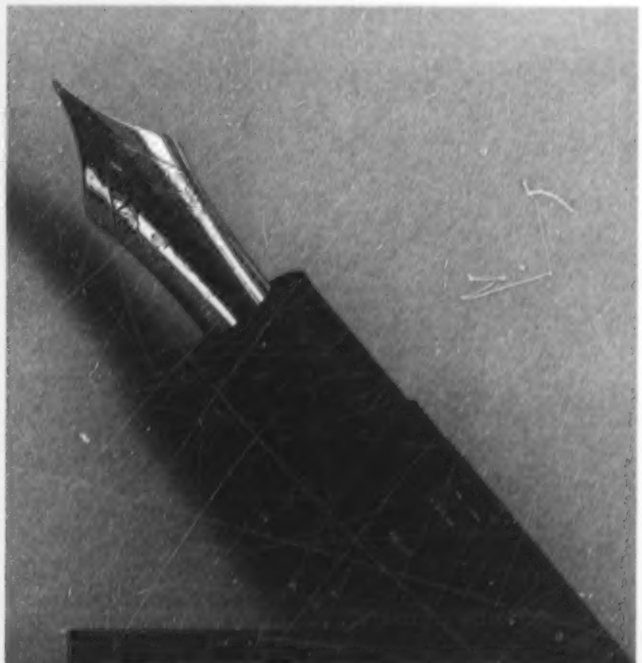

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Benefit payments	714
Internally managed assets	
Total DB	13,024
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	62%
Fixed income	30%
Cash equivalents	7%
Real estate equity	1%

WILMINGTON, Del. — As of Sept. 30, E.I. du Pont de Nemours & Co.'s total employee benefit assets increased 15.6% from a year earlier. Defined benefit assets increased 16.1% during the same period; defined contribution assets increased 14.9%.

Real estate managers: Trammell Crow; EQK Realty; John Hancock; Lincoln Property; J.P. Morgan; and NCNB Texas.

Venture capital managers: APA; Capital Management Services; Crossroads; Golder, Thoma & Cressey; Hambrecht & Quist; Horsley Keogh; Pathfinder; Paul Capital; T. Rowe Price; Robertson Coleman & Stephens; and Warburg, Pincus.

Corporate finance managers: Citicorp Mezzanine; Foothill Partners; Water Street.

The master trustee is Wilmington Trust; the global custodian is Bankers Trust.

The key person overseeing the investment management of the fund is Edward J. Bassett, vice president-Du Pont pension fund investment.

The 1992 directory of investment advisers — featuring profiles of money managers — will be published in the May 18 issue of *Pensions & Investments*.

E

Eastman Kodak Co.

	($ millions)
Total assets*	9,961
Defined benefit	7,279
401(k)	2,682
Employer DB contributions	5
Benefit payments	360
Employer DC contributions	151

*P&I estimate

Internally managed assets	
Total DC	2,252
Defined benefit asset mix	
Stocks	71%
Fixed income	6%
Cash equivalents	3%
Alternative investments	20%
Defined contribution asset mix	
Company stock	11%
Other stock	5%
GICs/BICs	84%

ROCHESTER, N.Y. — *Pensions & Investments* estimates Eastman Kodak Co.'s total assets were $9.961 billion as of Sept. 30. That estimate is based on total employee benefit assets of $8.913 billion reported by the company as of Dec. 31, 1990. Using Kodak's own numbers, employee benefit assets decreased 3.7% in the year ended Dec. 31, 1990.

The master trustee and global custodian is Boston Safe; the investment consultant is Rogers, Casey.

The key person overseeing the investment management of the fund is Russell L. Olson, director of pension investments.

The Church Pension Fund (Episcopal)

	($ millions)
Total assets	1,963
Defined benefit	1,963
Employer DB contributions	55
Benefit payments	58
Hedging devices used	
Stock index futures	
Defined benefit asset mix	
Stocks	59%
Fixed income	31%
Cash equivalents	2%
Private placements	8%

NEW YORK — As of Sept. 30, total employee benefit assets of The Church Pension Fund (Episcopal) increased 6.1% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance and J.P. Morgan.

International — J.P. Morgan.

Fixed-income managers: Domestic — Alliance and J.P. Morgan.

International — J.P. Morgan.

The master custodians are Morgan Guaranty and J.P. Morgan.

Key personnel overseeing the investment management of the fund are Alan F. Blanchard, president, and Mort Fearey, senior financial officer.

Evangelical Lutheran Church in America Board of Pensions

	($ millions)
Total assets	2,223
403(b)	2,223
Employer DC contributions	37
Internally managed assets	1,333
Hedging devices used	
Stock index futures	
Defined contribution asset mix	
Stock	41.8%
Fixed income	54.8%
Cash equivalents	3.1%
Other	0.3%

MINNEAPOLIS — As of Sept. 30, the Evangelical Lutheran Church in America Board of Pensions' total employee benefit assets increased 21.3% from a year earlier. All assets are defined contribution.

Equity managers: Domestic — Alliance; J.P. Morgan; RCM; Rosenberg Institutional; and Wells Fargo Nikko.

International — Acadian.

Fixed-income managers: Domestic — London Investment.

International — J.P. Morgan.

High-yield manager: Pacholder Associates.

The master trustee and global custodian is Boston Safe Deposit & Trust;

Top 200 funds with assets in dedicated/immunized bonds

Defined benefit

Fund	($ millions)
Western Teamsters	5,939
Maryland State	5,800
Minnesota State	5,482
U S WEST	2,427
Southwestern Bell	1,994
Navistar	1,932
Aluminum Co. of America	1,585
American Airlines	1,240
Prudential Insurance	914
Caterpillar	906
Ohio Teachers	760
Florida State	748
Tennessee Valley Authority	583
Raytheon	577
Deere	559
Inland Steel	537
GenCorp	531
Nevada Employees	514
PPG Industries	454
Hospital/Healthcare	397
Nat'l Rural Electric Co-op	280
Phillips Petroleum	277
Johnson & Johnson	100
United Methodists	91
Central States Teamsters	90
Boilermakers-Blacksmiths	83
S. New England Telephone	78
Procter & Gamble	66
Total	**34,944**

Defined contribution

Fund	($ millions)
United Methodists	112
Tennessee Valley Authority	111
USX	40
New York Life	12
Total	**275**

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the investment consultant is Wilshire.

Key personnel overseeing the investment management of the fund are John G. Kapanke, president; Michael L. Troutman, senior manager-investment programs; Paul "Tim" Kaspar, senior equity portfolio manager; and Christopher C. Berberet, senior bond portfolio manager.

Exxon Corp.

	($ millions)
Total assets	8,919
Defined benefit	3,597
Total defined contribution	5,322
401(k)	742
Thrift/savings	3,815
ESOP	765
Employer DB contributions	0
Benefit payments	350
Employer DC contributions	110
Internally managed assets	
Total DB	858
Total DC	2,862
Hedging devices used	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	59%
Fixed income	26%
Real estate equity	10%
Other	5%
Defined contribution asset mix	
Company stock	43%
Other stock	3%
Cash equivalents	54%

IRVING, Texas — As of Sept. 30, Exxon Corp.'s total employee benefit assets increased 13.8% from a year earlier. Defined benefit assets increased 11.5% during the same period; defined contribution assets increased 15.4%.

Equity managers: Domestic — Bernstein; Geometry Asset; and Wells Fargo Nikko.

International — Aetna and Wells Fargo Nikko.

Fixed-income managers: Domestic — J.P. Morgan; Prudential; Smith Barney; UBS Asset; and Wells Fargo Nikko.

Real estate managers: Aetna; CPI; Equitable; Grubb & Ellis; NCNB Texas; and Prentiss Properties.

Insured reserves managers: Equitable; John Hancock; and Travelers.

Venture capital manager: Horsley Keogh.

Royalties managers: First City Texas and Premier Bancorp.

The master trustee is The Bank of New York; Chase Manhattan and Morgan Stanley provide global custody indirectly.

Key personnel overseeing the investment management of the fund are W. Allen Harrison, assistant treasurer; J.E. Bayne, manager-benefits finance and investment; and Daniel L. Dollo, senior financial coordinator.

F

Federal Retirement Thrift Investment Board

	($ millions)
Total assets	10,198
Thrift/savings	10,198
Employer DC contributions	771
Internally managed assets	9,207
Defined contribution asset mix	
Stock	7.4%
Fixed income	2.3%
Cash equivalents	90.3%

WASHINGTON — As of Sept. 30, the Federal Retirement Thrift Investment Board's total employee benefit assets increased 48% from a year earlier. All assets are defined contribution.

Equity manager: Domestic — Wells Fargo Nikko.

Fixed-income manager: Domestic — Wells Fargo Nikko.

The master custodians are Wells Fargo Institutional Trust and the U.S. Treasury Department.

Key personnel overseeing the investment management of the fund are Peter B. Mackey, director-investments; Alison L. Doone, deputy director-investments; and Patricia A. Snodgrass, senior financial analyst.

Florida State Board of Administration

	($ millions)
Total assets	25,517
Defined benefit	25,517
Employer DB contributions	2,168
Benefit payments	809
Internally managed assets	14,526
Hedging devices used	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	51%
Fixed income	45%
Cash equivalents	1%
Real estate equity	3%

TALLAHASSEE, Fla. — As of Sept. 30, the Florida State Board of Administration's total employee benefit assets increased 32.4% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alli-

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Contact Paul S. Maregni, Senior Vice President, One Boston Place, Boston, Massachusetts 02108, Telephone: 617-722-7314, or Brian Collings, Vice President, Princess House, Bush Lane, London EC4R OAN, Telephone, 071-623-0928

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ance; Ariel; Barnett Banks; Barrow, Hanley, Mewhinney & Strauss; Denver Investment; Eagle; IDS Growth; Lazard Freres; Corporate Advisors; Newbold's; Prudential Asset; Sun Bank; Westwood; Wilshire; and Wells Fargo Nikko.

International — Bankers Trust; Baring; Capital Guardian; CIGNA Investments; Fidelity Management; J.P. Morgan; Kleinwort Benson; Morgan Stanley; Scudder; SBC; T. Rowe Price; and Templeton.

Fixed-income managers: Domestic — Alliance; APAM; Bear Stearns; First Boston; Glenmede; and TCW.

Real estate managers: Aetna; Brinson; CFCL; Equitable; Goldman, Sachs; John Hancock; JMB; LaSalle; Lehndorff & Babson; and Prudential.

Citibank, Wells Fargo and Northern Trust are master custodians; Citibank is global custodian. The investment consultant is SEI.

Key personnel overseeing the investment management of the fund are Ash Williams, executive director; William O. Bell, chief of management policy; Lan Janecek, chief investment officer of equities; Carmen Hiers, chief investment officer of fixed income; and Doug Bennett, chief investment officer of real estate.

Ford Motor Co.

	($ millions)
Total assets	22,700
Defined benefit	18,800
Total defined contribution	3,900
Other	3,900
Employer DB contributions	0
Benefit payments	900
Employer DC contributions	25
Internally managed assets:	
Total DB	1,500
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	58%
Fixed income	29%
Cash equivalents	8%
Real estate equity	5%
Defined contribution asset mix:	
Company stock	47%
Other stock	14%
GICs/BICs	26%
Cash equivalents	10%
Loans	3%

DEARBORN, Mich. — As of Sept. 30, Ford Motor Co.'s total employee benefit assets increased 9.1% from a year earlier. Defined benefit assets increased 11.2%; defined contribution assets stayed the same.

Equity managers: Alliance; Ariel; Sanford Bernstein; Brinson; Capital Guardian; Dreman; Fidelity Management; Manufacturers Detroit; Mitchell Hutchins; J.P. Morgan; PRIMECAP; Sarofim; Scudder, Stevens & Clark; and State Street Research.

Fixed-income managers: Capital Guardian; J.P. Morgan; T. Rowe Price; Sarofim; State Street Research; and Wells Fargo.

Real estate managers: Aetna; Cabot, Cabot & Forbes; CIGNA; Copley; Equitable; GE; JMB; LaSalle; Lehndorff & Babson; J.P. Morgan; NCNB; Prudential; PSI; Sentinel; and TCW.

The master trustee is Manufacturers National Bank of Detroit.

Key personnel overseeing the investment management of the fund are M.E. Maertens, director-trust investments; P.E. Sharp, assistant treasurer; and S.E. Weiner, supervisor investment analysis.

FPL Group Inc.

	($ millions)
Total assets	2,227
Defined benefit	1,460
Total defined contribution	767
Thrift/savings	664
ESOP	103
Employer DB contributions	0
Hedging devices used:	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	62%
Fixed income	26%
Real estate equity	7%
Other	5%
Defined contribution asset mix:	
Company stock	52%
Other stock	12%
GICs/BICs	33%
Other	3%

NORTH PALM BEACH, Fla. — As of Sept. 30, FPL Group Inc.'s total employee benefit assets increased 22.2% from a year earlier. Defined benefit assets increased 17% during the same period; defined contribution assets increased 33.4%.

Equity managers: Domestic — Babson; Capital Technology; General American; Quest Advisory; Sarofim; Donald Smith; and Wells Fargo Nikko.

International — Hill Samuel; Oechsle; and State Street International.

Fixed-income managers: Domestic — Wells Fargo Nikko and Western.

Real estate managers: AMB; JMB; and RREEF.

The master trustee and global custodian is Mellon Bank; the investment consultant is Rogers Casey.

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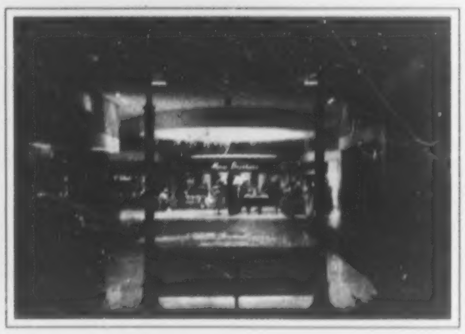

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The key person overseeing the investment management of the fund is Robert L. McGrath, director-trust fund investments.

G

GenCorp

	($ millions)
Total assets	1,866
Defined benefit	1,531
401(k)	335
Employer DB contributions	0
Benefit payments	72
Employer DC contributions	14
Defined benefit asset mix	
Stocks	54%
Fixed income	43%
Real estate equity	3%
Defined contribution asset mix	
Company stock	22%
Other stock	19%
GICs/BICs	59%

FAIRLAWN, Ohio — As of Sept. 30, GenCorp's total employee benefit assets increased 17.9% from a year earlier. Defined benefit assets increased 16.8% during the same period; defined contribution assets increased 23.2%.

Equity managers: Domestic — Ardsley Partners; Bankers Trust; Cadence; J.P. Morgan; Morgan Stanley; and Wilshire.

International — Bankers Trust and J.P. Morgan International.

Fixed-income managers: Domestic — ASB Capital and Lincoln Capital.

International — Bankers Trust.

Real estate manager: First Management Group.

The master trustee is Northern Trust.

Key personnel overseeing the investment management of the fund are Dave McNiff, director; Sina Baldwin, manager; and Rita Schafer, analyst.

General Dynamics Corp.

	($ millions)
Total assets	7,234
Defined benefit	4,693
401(k)	2,541
Employer DB contributions	40
Benefit payments	130
Employer DC contributions	60
Internally managed assets	
Total DB	3,037
Total DC	231
Hedging devices used	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	33%
Fixed income	60%
Cash equivalents	3%
GICs/BICs	4%
Defined contribution asset mix	
Company stock	10%
Other stock	12%
Fixed income	14%
GICs/BICs	64%

ST. LOUIS — As of Sept. 30, General Dynamics Corp.'s total employee benefit assets increased 19.2% from a year earlier. Defined benefit assets increased 21.3% during the same period; defined contribution assets increased 15.5%.

Money managers: Alliance; Boatmen's; Delaware Investment; GE; ISI; Jennison; Henry Kaufman; Lazard Freres; Lincoln Capital; Miller, Anderson & Sherrerd; J.P. Morgan; Rosenberg Institutional; Sasco; and Wells Fargo Nikko.

The master trustee and global custodian is Northern Trust.

Key personnel overseeing the investment management of the fund are Charles Walbrandt, vice president-trust investment operation; and R.J. Roesch, corporate manager-trust investment operation.

General Electric Co.

	($ millions)
Total assets	31,078
Defined benefit	25,302
401(k)	5,776
Employer DB contributions	2
Benefit payments	1,104
Employer DC contributions	613
Internally managed assets:	
Total DB	22,245
Total DC	5,776
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined benefit asset mix:	
Stocks	51%
Fixed income	31%
Cash equivalents	2%
Real estate equity	7%
GICs/BICs	1%
Mortgages	1%
Other	7%
Defined contribution asset mix:	
Fixed income	98%
GICs/BICs	1%
Cash equivalents	1%

STAMFORD, Conn. — As of Sept. 30, General Electric Co.'s total employee benefit assets increased 14.6% from a year earlier. Defined benefit assets increased 12.6% during the same period; defined contribution assets increased 24.6%. Contributions and benefit payments are for 1990.

Equity managers: Domestic — Cursitor Eaton; Goldman Sachs; Montgomery; Morgan Guaranty; T. Rowe Price; Progress Trusts; Sarofim; and Wells Fargo Nikko.

International — Boston Overseas; Capital Guardian; Emerging Markets Investors; and Rowe Price-Fleming.

Fixed-income managers: Domestic — Blackstone Group; Commonwealth; Goldman Sachs; J.P. Morgan; NISA; and Ryan Labs.

Real estate managers: Equitable; J.P. Morgan; and Hancock.

Other managers: Butler; Electra; Forstmann-Little; and Warburg Pincus.

The master trustee and global custodian is State Street Bank; the investment consultants are SEI; Callan; Rogers, Casey; Hewitt; Mercer; Becker, Burke; and Russell.

Key personnel overseeing the investment management of the fund are Dale Frey, chairman and president of GE Investments, and Gene Bolton and John Myers, executive vice presidents of GE Investments.

General Motors Corp.

	($ millions)
Total assets	40,800
Defined benefit	34,200
Total defined contribution	6,600

NEW YORK — As of Sept. 30, General Motors Corp.'s total employee benefit assets increased 12.4% from a year earlier. Defined benefit assets increased 11.4% during the same period; defined contribution assets increased 17.9%.

Managers: Domestic — Aetna; AEW; American National, Chicago; Ameritrust; Associated Capital; Bankers Trust; Baring America; Baring International; Barrow, Hanley, Mewhinney & Strauss; Batterymarch; BEA; Beal; Beekman; Sanford Bernstein; Boston Co. Real Estate; Brinson; Canada Life; Capital Guardian; Chancellor; Chase Manhattan; Citibank; County NatWest; Cypress; Delaware Investment; Dewey Square; DFA; Duncan-Hurst; Fidelity Management; FNB Boston; Franklin Portfolio; Frontier; G.T. Capital; Genesis; Harris Trust; Hill Samuel; WR Huff; INVESCO; Jennison; Kleinwort Benson; Lazard Freres; Lehman Ark; Lincoln Capital; MacKay-Shields; Magten; Marathon; Matrix; Massachusetts Mutual; Mellon Bank; Merrill Lynch Asset; Metropolitan Life; Morgan Grenfell; J.P. Morgan; Morgan Stanley; National Bank of Detroit; Nomura Capital; Oechsle; Pictet International; Provident Investment; Prudential; RPI; Rosenberg Institutional; Rowe Price-Fleming; N.M. Rothschild; Schroder Capital; Sit; TAL Investment; TCW Asset; Union Bank of Switzerland; United Capital; Value Line; Warburg Investment; Wells Fargo; World-Invest; and Wall Street Associates.

The master trustees are Bankers Trust, Mellon Bank and Chase Man-

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hattan.

Key personnel overseeing the investment management of the fund are W. Gordon Binns, vice president and chief investment funds officer, and R. Charles Tschampion, vice president-portfolio strategy and manager relations group.

Employees' Retirement System of Georgia

	($ millions)
Total assets	4,150
Defined benefit	4,150

ATLANTA — As of September 30, Employees' Retirement System of Georgia total employee benefit assets increased 10.7% from a year earlier. All assets are defined benefit.

Key personnel overseeing the investment management of the fund are Rudolph Johnson, director, and James Larche, deputy director.

Georgia-Pacific Corp.

	($ millions)
Total assets	1,856
Defined benefit	1,249
Total defined contribution	607
Profit-sharing	4
401(k)	546
Money purchase	57
Internally managed assets:	
Total DB	16
Total DC	350
Hedging devices used:	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	64.6%
Fixed income	29.8%
Cash equivalents	2.3%
Real estate equity	3.3%
Defined contribution asset mix:	
Company stock	14.1%
Other stock	10.8%
GICs/BICs	67.3%
Cash equivalents	7.8%

ATLANTA — As of Sept. 30, Georgia-Pacific Corp.'s total employee benefit assets increased 15.9% from a year earlier. Defined benefit assets increased 16.5% during the same period; defined contribution assets increased 14.5%.

Equity managers: Domestic — Chancellor; Cramer Rosenthal McGlynn; Husic; PIMCO; Suffolk Capital; SunBank Capital; State Street Research; Tweedy, Browne; UBS Asset; and Wells Fargo Nikko.

International — Bankers Trust; Mercator; UBS Asset; and WorldInvest.

Fixed-income managers: Domestic — Bradford & Marzec; Loomis, Sayles; PIMCO; UBS Asset; and Wells Fargo Nikko.

Real estate managers: Aetna; Copley; Equitable; JMB; RREEF; and TCW.

Limited partnerships: Citicorp; Clayton & Dubilier; Equitable Capital; Green Capital; HLM Management; KKR; Morgan Stanley; TCW; and Wasserstein, Perella.

The master trustee is Bankers Trust; the investment consultant is Ennis, Knupp.

Key personnel overseeing the investment management of the fund are John E. Stettler, director-benefit investments/risk management, and Anthony R. Abbott, assistant director-benefit investments management.

Teachers Retirement System of Georgia

	($ millions)
Total assets	12,354
Defined benefit	12,354
Employer DB contributions	481
Benefit payments	384
Internally managed assets	7,866
Defined benefit asset mix:	
Stocks	40.7%
Fixed income	54.5%
Cash equivalents	4.7%
Mortgages	0.1%

ATLANTA — As of Sept. 30, the Teachers Retirement System of Georgia's total employee benefit assets increased 25.2% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Atlanta Capital; C&S/Sovran; INVESCO; and Wellington.

The master trustee is C&S/Sovran.

Key personnel overseeing the investment management of the fund are Charles W. Cary Jr., director-investment services division, and Nancie H. Boedy, assistant director-investment services division.

Grumman Corp.

	($ millions)
Total assets*	3,650
Defined benefit	2,462
Defined contribution	1,188
Employer DB contributions	52
Benefit payments	100
Employer DC contributions	17

**P&I estimate*

Internally managed assets:	
Total DB	2,314
Total DC	1,188
Defined benefit asset mix:	
Stocks	35%
Fixed income	41%
Cash equivalents	18%
Real estate equity	5%
Other	1%
Defined contribution asset mix:	
Company stock	25%
Other stock	7%
Fixed income	7%
GICs/BICs	51%
Cash equivalents	10%

BETHPAGE, N.Y. — As of Sept. 30, Grumman Corp.'s total employee benefit assets increased an estimated 17.7% from a year earlier. Defined benefit assets increased 15.6% during the same period; defined contribution assets increased an estimated 22%. The estimate for total and defined contribution assets was made because defined contribution assets were as of Dec. 31, 1990, and were estimated to reflect a Sept. 30, 1991, amount.

Real estate managers: CIGNA, Equitable, Prudential, Sentinel.

The master trustee is Bank of New York.

The key person overseeing the investment management of the fund is W. R. Parmentier, assistant treasurer/investment manager.

GTE Corp.

	($ millions)
Total assets	14,976
Defined benefit	12,434
Total defined contribution	2,542
Employer DB contributions	0
Benefit payments	288
Employer DC contributions	61
Internally managed assets:	
Total DB	2,822
Defined benefit asset mix:	
Stocks	63%
Fixed income	23%
Cash equivalents	7%
Real estate equity	1%
Alternatives	6%
Defined contribution asset mix:	
Company stock	49%
Other stock	12%
Fixed income	1%
GICs/BICs	38%

STAMFORD, Conn. — As of Sept. 30, GTE Corp.'s total employee benefit assets increased 26.6% from a year earlier. Defined benefit assets increased 27.9% during the same period; defined contribution assets increased 20.9%.

Equity managers: Domestic — Baker, Nye; Bankers Trust; Sanford C. Bernstein; BMI; Cashman, Farrell; Concord; Eagle; First Manhattan; First Pacific; Franklin Portfolio; Frontier; GeoCapital; Hotchkis and Wiley; Oppenheimer; Provident Investment Counsel; RCB; Richter; Rosenberg Institutional; Donald Smith; Weiss, Peck and Greer.

International — Bankers Trust; Baring; Grantham, Mayo; J.P. Morgan; Mercator; Nikko; Philippe; Rowe Price-Fleming; TCW/Cursitor-Eaton; Yamaichi.

Fixed-income managers: Domestic — Baring; Darien; PIMCO; Rampart.

International — J.P. Morgan; Rogge; Security Capital; TCW/Cursitor-Eaton; and WorldInvest.

Real estate managers: Citibank; Manufacturers National; State Street Bank; TCW.

Non-traditional managers: — Chancellor; Consolidated Oil & Gas; Energy Investors; Forest Investment; John Hancock; TCW; and UBS.

The master trustee is and global custodian is Bankers Trust.

Key personnel overseeing the investment management of the fund are John B. Carroll, president of GTE In-

Top 200 funds with defined contribution assets in international investments

($ millions)

Fund	Total	Equities	Bonds	Other
TIAA-CREF	5,648	5,470	170	8
Bechtel Power	521	376	145	0
American Stores	281	182	99	0
Halliburton	174	131	43	0
Trans World Airlines	148	148	0	0
Evangelical Lutheran Church	140	77	63	0
Hewlett-Packard	87	87	0	0
University of California	76	60	16	0
Motorola	74	74	0	0
Southern Baptist Convention	46	31	15	0
Citibank	45	45	0	0
Sears, Roebuck	42	42	0	0
Xerox	33	32	0	1
United Methodists	25	25	0	0
Owens-Illinois	18	18	0	0
Atlantic Richfield	15	0	0	15
Eli Lilly	5	5	0	0
Procter & Gamble	5	5	0	0
Chrysler	1	1	0	0
Total	**7,384**	**6,809**	**551**	**24**

Top 200 funds with defined benefit assets in international investments

($ millions)

Fund	Total	Equities	Bonds	Other
California Employees	9,453	6,371	3,082	0
United Nations	5,520	2,485	2,473	562
AT&T	2,544	2,544	0	0
GTE	2,416	1,715	701	0
New York City	2,257	1,827	430	0
Pacific Telesis	2,092	2,092	0	0
Connecticut Trust	1,763	1,229	534	0
NYNEX	1,754	1,368	386	0
World Bank	1,745	1,278	467	0
General Electric	1,623	1,597	26	0
Bell Atlantic	1,611	1,518	93	0
Wisconsin State	1,611	934	677	0
Illinois Teachers	1,441	838	603	0
Oregon Employes	1,399	1,209	190	0
Colorado Employees	1,348	1,299	49	0
Du Pont	1,285	862	423	0
U S WEST	1,174	1,174	0	0
United Technologies	1,126	1,002	124	0
Pennsylvania Public Schools	1,100	328	772	0
Los Angeles County	924	892	32	0
Illinois Municipal	905	764	140	1
Hawaii State	847	675	172	0
Prudential Insurance	842	480	333	29
New Jersey	750	0	750	0
Philip Morris	724	724	0	0
San Francisco City & County	699	312	387	0
Atlantic Richfield	694	628	66	0
Pennsylvania State	692	356	336	0
New York State & Local	683	683	0	0
Texas Teachers	650	650	0	0
Tennessee Consolidated	632	344	288	0
Virginia	595	595	0	0
Arizona State	567	567	0	0
Exxon	480	480	0	0
Owens-Illinois	463	361	102	0
Pacific Gas & Electric	462	462	0	0
Caterpillar	439	439	0	0
Kansas Employees	429	312	117	0
Nevada Employees	424	318	106	0
USX	400	240	160	0
Southwestern Bell	398	398	0	0
Delta Air Lines	387	387	0	0
TRW	368	236	132	0
Travelers	352	323	29	0
Presbyterian Church	327	227	100	0
Chevron	323	203	59	61
Illinois Universities	312	312	0	0
New York State Teachers	311	311	0	0
Mobil Oil	300	220	80	0
Xerox	292	276	2	14
Alaska State	287	287	0	0
Southern Co.	280	140	140	0
Monsanto	270	270	0	0
University of California	267	49	218	0
GenCorp	263	132	131	0
S. California Edison	253	238	15	0
Utah State	250	250	0	0
FPL Group	249	249	0	0
Los Angeles Fire & Police	242	242	0	0
Iowa Employees	239	239	0	0
Aluminum Co. of America	234	106	123	5
S. New England Telephone	233	233	0	0
Unisys	227	227	0	0
Amoco	220	220	0	0
Honeywell	216	131	85	0
North Carolina	211	211	0	0
ITT	206	206	0	0
Westinghouse Electric	201	201	0	0
Illinois State	198	173	25	0
Minnesota Mining & Mfg.	180	155	25	0
Maryland State	180	180	0	0
Inland Steel	163	163	0	0
Washington State Board	159	159	0	0
Alabama Retirement	152	152	0	0
CIGNA	147	147	0	0
Mississippi Employees	137	137	0	0
Idaho Employees	135	135	0	0
American Airlines	130	130	0	0
Maine State	130	130	0	0
J.C. Penney	129	129	0	0
Nat'l Rural Electric Co-op	128	128	0	0
Episcopal Church	120	40	80	0
Sears, Roebuck	118	118	0	0
Georgia-Pacific	117	117	0	0
International Paper	114	114	0	0
Louisiana Teachers	110	100	10	0
BankAmerica	106	83	23	0
New York Life	105	80	0	25
Chrysler	100	100	0	0
United Airlines	100	100	0	0
Deere	97	97	0	0
Aetna Life	89	89	0	0
Chicago Municipal	84	84	0	0
Tenneco	82	67	15	0
Eli Lilly	79	79	0	0
PPG Industries	66	66	0	0
Johnson & Johnson	65	65	0	0
Florida State Board	58	58	0	0
Rhode Island Employees	51	51	0	0
Boeing	50	30	0	20
Los Angeles City	45	45	0	0
Motorola	38	38	0	0
Southern Baptist Convention	37	37	0	0
Bethlehem Steel	30	30	0	0
Hewlett-Packard	28	28	0	0
New Mexico Educational	27	27	0	0
United Methodists	20	20	0	0
General Dynamics	16	16	0	0
Citibank	4	0	4	0
American Stores	3	3	0	0
Bakery & Confectionery	3	0	3	0
Total	**68,211**	**52,176**	**15,318***	**717**

vestment Management Corp.; T. Britton Harris IV, vice president-pension fund management; and Stephen V. Weidemann, vice president-fixed-income management.

H

Halliburton Co.

	($ millions)
Total assets	2,667
Total defined contribution	2,667
Employer DB contributions	0
Benefit payments	0
Employer DC contributions	66
Internally managed assets	774
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined contribution asset mix:	
Company stock	4%
Other stock	28%
Fixed income	24%
GICs/BICs	29%
Cash equivalents	7%
Mortgage-backed securities	8%

DALLAS — As of Sept. 30, Halliburton Co.'s total employee benefit assets increased 18% from a year earlier. All the assets are defined contribution.

Equity managers: Domestic — Eagle; GAMCO; Husic; Lehman Ark; Phoenix Investment; and Sarofim.

International — Boston Overseas; SBC; and Schroder Capital.

Fixed-income managers: Domestic — BEA; Lehman Ark; Neuberger & Berman; PIMCO; Putnam; Sovran; and TCW.

International — Putnam.

Other manager: Loomis Sayles.

The master trustee and global custodian is State Street Bank; the investment consultant is SEI.

The key person overseeing the investment management of the fund is Nathaniel H. Duffield, director-trust investments.

Employees' Retirement System of the State of Hawaii

	($ millions)
Total assets	4,520
Defined benefit	4,520
Employer DB contributions	59
Benefit payments	225
Internally managed assets	899
Hedging devices used:	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	46%
Fixed income	31.5%
Cash equivalents	4.7%
Real estate equity	8.3%
GICs/BICs	0.4%
Mortgages	9.1%

HONOLULU — As of Sept 30, the Employees' Retirement System of the State of Hawaii's total employee benefit assets increased 9.7% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; Barrow, Hanley, Mewhinney & Strauss; C.M. Bidwell; Cadinha; Delaware; Hanson; J.B. Harve; Independent; McCowan; and Denis Wong.

International — Daiwa; Nikko; Nomura; and Schroder.

Fixed-income managers: Domestic — Bradford & Marzec; Brinson; Lowe, Brockenbrough, Tierney & Tattersall; Mellon Capital; PIMCO; Scudder, Stevens, & Clark; and Security Pacific.

International — Deutsche Asset; Oechsle; PCM International; and Putnam International.

Real estate managers: Aetna; Beta West; Trammell Crow; Devon Institutional; Hancock; Metropolitan Life; PSI; and TCW Realty.

The master custodian and global custodian is Bank of New York; the investment consultants are Callan and Wyatt Asset Services.

Key personnel overseeing the investment management of the fund are Stanley Siu, administrator; David Shimabukuro, assistant administrator; and Wesley Machida, chief accountant.

Hewlett-Packard Co.

	($ millions)
Total assets	1,925
Defined benefit	470
Profit-sharing	1,455
Internally managed assets:	
Total DB	116
Defined benefit asset mix:	
Stocks	49%
Fixed income	35%
Cash equivalents	5%
Real estate equity	1%
International stock	6%
Venture capital	3%
LBOs	1%
Defined contribution asset mix:	
Other stock	45%
Fixed income	39%
Cash equivalents	6%
Real estate equity	1%
International stock	6%
Venture capital	2%
LBOs	1%

PALO ALTO, Calif. — As of Sept. 30, Hewlett-Packard Co.'s total employee benefit assets increased 37.3% from a year earlier. Defined benefit assets increased 106% during the same period; defined contribution assets increased 24%.

The key person overseeing the investment management of the fund is Elizabeth Obershaw, manager, benefit fund investments.

Honeywell Inc.

	($ millions)
Total assets	2,855
Defined benefit	2,080
401(k)	775
Employer DB contributions	88
Benefit payments	158
Defined benefit asset mix:	
Stocks	54.1%
Fixed income	28.6%
Cash equivalents	2.5%
Real estate equity	8%
Other	6.8%
Defined contribution asset mix:	
Company stock	2.5%
Other stock	25.3%
GICs/BICs	38.5%

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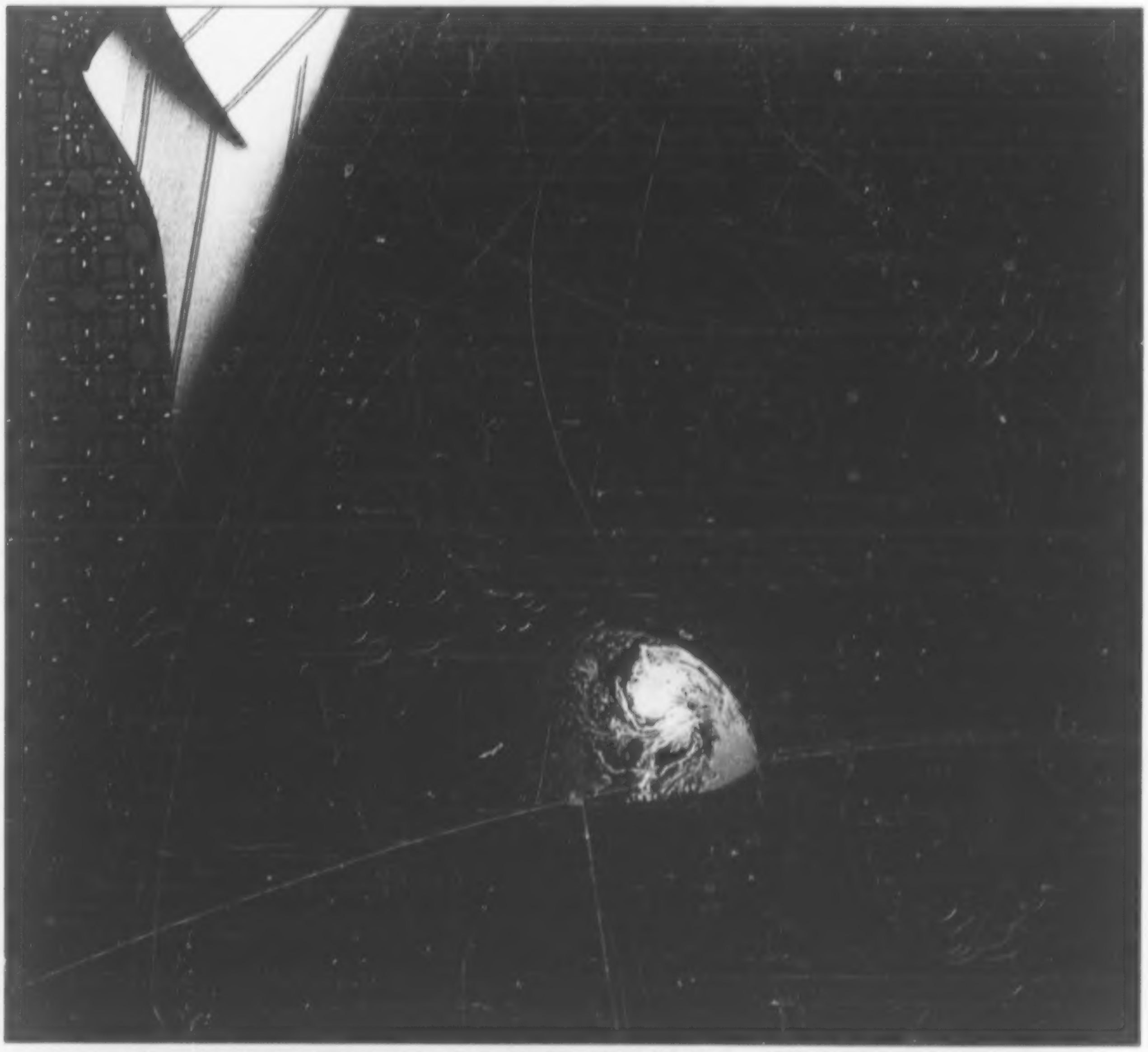
¥	+22.9%	£/¥	+17.5%	Topix	+39.1%	S&P500	+51.1%
C$	+11.3%	A$	+11.9%	Nikkei	+38.4%	Nasdaq	+56.3%



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Cash equivalents	9.8%
Other	23.9%

MINNEAPOLIS — As of Sept. 30, Honeywell Inc.'s total employee benefit assets increased 0.6% from a year earlier. Defined benefit assets increased 6.6% during the same period; defined contribution assets decreased 12.6%.

Equity managers: Domestic — Alliance; Brinson; Forstmann-Leff; GAMCO; Husic; Jundt; and Mellon Capital.

International — Baring and IDS.

Fixed-income managers: Domestic — Fischer, Francis, Trees & Watts.

International — Brinson.

Real estate managers: Aetna; AMB; Baring; Coldwell Banker; State Street Bank; and TCW.

Other managers: Advent International; Associated Venture; Bridge Capital; Centennial Fund; Cherokee Resources; Concord Partners; DLJ Growth Associates; Dougery, Jones & Wilder; First Reserve; Forstmann Little; John Hancock; Investech; Medical Innovations; Morgan, Holland; Narragansett First Fund; New Court Partners; Norton Associates; Olympus Private Placement Fund; Recovery Management Investors; Robertson Coleman, Stephens & Woodman; TA Associates; TCW; T. Rowe Associates; Travelers; UBS Asset; and Welsh Carson Anderson & Stowe.

The master trustee is Boston Safe; the global custodian is Chase; the investment consultant is Rogers, Casey.

Key personnel overseeing the investment management of the fund are D.W. Veverka, director-pension investments, and D.J. Gorence, manager-pension investments.

National Benefit Fund for Hospital & Health Care Employees

	($ millions)
Total assets	2,249
Defined benefit	2,249
Employer DB contributions	11
Benefit payments	58
Defined benefit asset mix:	
Stocks	36.3%
Fixed income	43%
Real estate equity	7.7%
GICs/BICs	13%

NEW YORK — As of Sept. 30, the National Benefit Fund for Hospital & Health Care Employees' total employee benefit assets increased 16.4% from a year earlier. All assets are defined benefit.

Equity managers: Lazard Freres; Lehman Ark; Loomis, Sayles;

Fixed-income managers: Criterion; PIMCO; State Street.

Real estate managers: Equitable and Prudential.

The master trustee is Northern Trust; the investment consultant is Marco.

Roland Grant, chief financial officer, oversees investment management of the fund.

Hughes Aircraft Co.

	($ millions)
Total assets*	7,900
Defined benefit	5,400
Total defined contribution	2,500

*P&I estimate

LOS ANGELES — As of Sept. 30, *Pensions & Investments* estimates Hughes Aircraft Co.'s total employee benefit assets increased 25.4% from the $6.3 billion reported in the Money Market Directory as of June 30, 1990. Defined benefit assets increased an estimated 28.6% during the same period; defined contribution assets increased 19%.

Board of Trustees of the I.A.M. National Pension Fund

	($ millions)
Total assets	1,905
Defined benefit	1,900
Money purchase	5
Employer DB contributions	67
Benefit payments	87
Employer DC contributions	2
Defined benefit asset mix:	
Stocks	57%
Fixed income	38%
Cash equivalents	5%
Defined contribution asset mix:	
Cash equivalents	100%

WASHINGTON — As of Sept. 30, the Board of Trustees of the I.A.M. National Pension Fund's total employee benefit assets increased 15.7% from a year earlier. Defined benefit assets increased 15.7% during the same period; defined contribution assets increased 25%.

Equity managers: Domestic — Dodge & Cox; Lazard Freres; State Street Bank; and Stein Roe & Farnham.

Fixed-income managers: Domestic — Dodge & Cox; Lazard Freres; State Street Bank; and Stein Roe & Farnham.

Cash manager: Payden & Rygel.

The master trustee is State Street.

The board of trustees oversees the investment management of the fund.

IBM Corp.

	($ millions)
Total assets	29,000
Defined benefit	24,200
401(k)	4,800
Employer DB contributions	8

Hedging devices used:
Stock options
Bond options
Stock index futures
Fixed-income futures

STAMFORD, Conn. — As of Sept. 30, IBM Corp.'s total employee benefit assets increased 16% from a year earlier. Defined benefit assets increased 14.2% during the same period; defined

Top 200 defined benefit average asset mix

	1991	1990
Corporate		
Stocks	54.4%	48.7%
Fixed income*	32.5	34.2
Cash	5.8	7.5
Real estate equity	4.1	5.3
Mortgages	0.3	0.3
GICs/BICs	0.9	1.1
Annuities	0.1	0.6
Other	1.9	2.3
Public		
Stocks	40.9%	36.7%
Fixed income*	46.5	46.8
Cash	5.0	7.0
Real estate equity	3.9	4.6
Mortgages	2.0	2.8
GICs/BICs	0.2	0.2
Annuities	0.0	0.0
Other	1.5	1.9
Union		
Stocks	41.3%	37.3%
Fixed income*	41.8	40.0
Cash	5.4	8.9
Real estate equity	5.1	3.8
Mortgages	2.6	3.0
GICs/BICs	1.7	4.5
Annuities	1.2	1.5
Other	0.9	1.0

*Includes mortgage-backed securities

Top 200 defined contribution average asset mix

	1991	1990
Corporate		
Company stock	30.6%	27.1%
Other stock	15.2	14.8
Fixed income*	13.9	9.5
Cash	6.4	7.2
GICs/BICs	30.7	39.6
Annuities	0.0	0.0
Other	3.2	1.8
Public		
Stocks	22.9%	15.6%
Fixed income*	38.8	73.1
Cash	13.9	9.3
GICs/BICs	23.4	2.0
Annuities	0.0	0.0
Other	0.0	0.0
Union		
Stocks	21.0%	14.7%
Fixed income*	14.3	15.3
Cash	48.7	48.6
GICs/BICs	11.7	11.7
Annuities	0.0	0.0
Other	4.3	9.7

*Includes mortgage-backed securities

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contribution assets increased 26.3%.

Equity managers: Domestic — Alliance; Butler; Chancellor; Columbus Circle; Delaware; Dillon Read; DFA; DSI; Fidelity Investment; Forstmann Little; F.S. Equity; Independence; Hancock; Lincoln Capital; NCM; Resource Investors; State Street Bank; Warburg Pincus; and Wellington.

International — Acadian; BEA; Capital Guardian; DFA; DSI; HD International; Matuschka Moser; J.P. Morgan; Nomura; Oechsle; Rowe Price-Fleming; and State Street Bank.

Fixed-income managers: Domestic — BEA; Fischer, Francis, Trees & Watts; Hoisington; Lincoln Capital; Miller, Anderson & Sherrerd; and PIMCO.

International — Morgan Grenfell and WorldInvest.

Real estate managers: AEW; Cabot; Dreyfus; Equitable; Grubb & Ellis; Wells Fargo; and Yarmouth.

The master trustee and global custodian is Chase; the investment consultant is Russell.

ICMA Retirement Corp.

	($ millions)
Total assets	2,160
Total defined contribution	2,160
457	1,940
Money purchase	220
Employer DC contributions	25
Internally managed assets	1,421
Hedging devices used:	
Stock index futures	
Fixed-income futures	
Defined contribution asset mix:	
Other stock	27%
Fixed income	5%
GICs/BICs	65%
Cash equivalents	3%

WASHINGTON — As of Sept. 30, ICMA Retirement Corp.'s total employee benefit assets increased 31.7% from a year earlier. All assets are defined contribution.

Equity managers: Domestic — Avatar; Fidelity Management; Hutson; Janus; Lehman Ark; Mellon Capital; and Wilshire.

Fixed-income managers: Domestic — Lowe, Brockenbrough, Tierney & Tattersall; Mellon Capital; and Payden & Rygel.

The master trustee is State Street; the investment consultant is Whitehead/Sterling.

Key personnel overseeing the investment management of the fund are Cynthia A. Hargadon, senior vice president and chief investment officer; Agnes E. Wasowski, manager-total return funds and P. Stanley Shavers, director-investment contract management.

Public Employee Retirement System of Idaho

	($ millions)
Total assets*	1,916
Defined benefit	1,916
Employer DB contributions	104
Benefit payments	111

**as of June 30, 1991*

Hedging devices used:	
Stock options	
Defined benefit asset mix:	
Stocks	47%
Fixed income	36%
Cash equivalents	2%
Real estate equity	9%
Mortgages	6%

BOISE, Idaho — As of June 30, the Public Employee Retirement System of Idaho's total employee benefit assets increased 17% from nine months earlier. All assets are defined benefit.

Equity managers: Domestic — Columbus Circle; Eaton Vance; Husic; Mellon Capital; Mountain Pacific; Newell; and Wellington.

International — BEA; Clay Finlay; Dillon Read; Rowe Price-Fleming; Prudential Asia; and Schroder.

Fixed-income managers: Domestic — BEA; Sanford Bernstein; D.B. Fitzpatrick; and State Street Bank.

Real estate managers: Cabot, Cabot & Forbes; Equitable; LaSalle; Metropolitan; O'Connor; Prentiss; Prudential; and Sentinel.

The master custodian and global custodian is Mellon Bank; the investment consultant is Dorn & Helliesen.

Key personnel overseeing the investment management of the fund are Paula Treneer, chief investment officer; Isabelle Fowler, assistant investment officer; and Alan Winkle, executive director.

Illinois Municipal Retirement Fund

	($ millions)
Total assets*	5,318
Defined benefit	5,318
Employer DB contributions	255
Benefit payments	223

**as of Aug. 31, 1991*

Internally managed assets	132
Hedging devices used:	
Bond options	
Fixed-income futures	
Defined benefit asset mix:	
Domestic stocks	39.7%
Domestic bonds	29.4%
Cash equivalents	2.5%
Real estate equity	7.9%
Mortgages	1.8%

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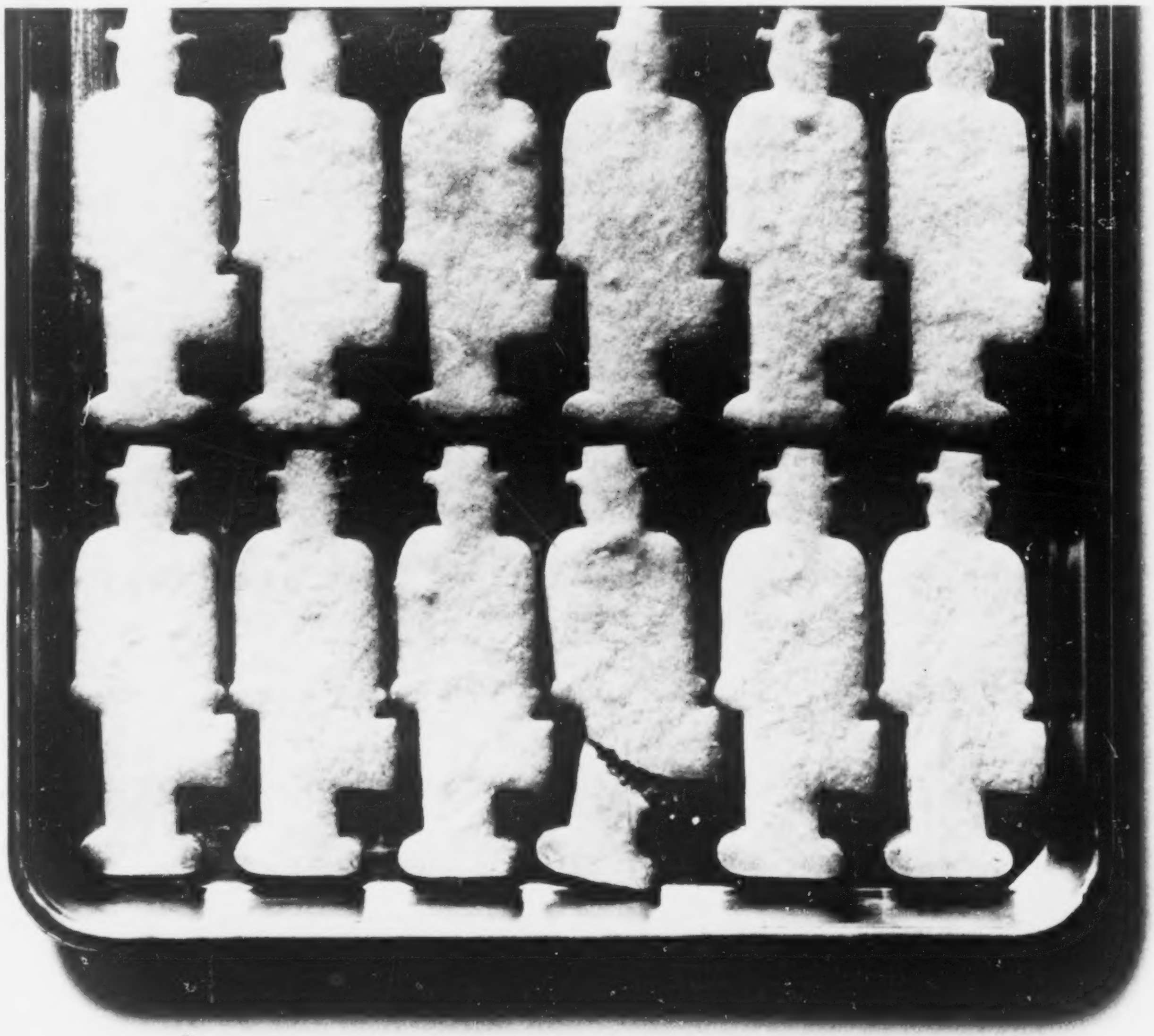

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CHICAGO — As of Aug. 31, Illinois Municipal Retirement Fund's total employee benefit assets increased 25.5% from Sept. 30, 1990. All assets are defined benefit.

Equity managers: Domestic — ANB; Campbell, Cowperthwait; Dalton, Greiner; DFA; Duff & Phelps; Eagle Asset; Fidelity Management; Frontier; Lincoln Capital; Provident Investment; Wall Street Associates.

International — ANB; Baring; J.P. Morgan; Nomura; Schroder; TIMCO.

Fixed-income managers: Domestic — ANB; Criterion; Fidelity Management; Payden & Rygel.

International — Julius Baer.

Real estate managers: Equitable; JMB; LaSalle; Piedmont Realty; RREEF; Sentinel; TCW Realty.

Venture capital managers: Abbott Capital; Brinson; Larimer; Oxford.

The master trustee and global custodian is Northern Trust; the investment consultants are Mercer and Institutional Property Consultants.

Key personnel overseeing the investment management of the fund are Robert L. Cusma, executive director; Walter J. Koziol, director-investments; and Edward N. Sambol, investment manager.

Illinois State Board of Investment

	($ millions)
Total assets*	3,503
Defined benefit	3,503

*as of June 30, 1991

Internally managed assets	
Total DB	1,405
Defined benefit asset mix	
Stocks	41.8%
Fixed income	39.3%
Cash equivalents	4%
Real estate equity	9.7%
Non-marketable securities	5.2%

CHICAGO — As of Sept. 30, the Illinois State Board of Investment's total employee benefit assets increased 15% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Ariel; Cooke & Bieler; Disciplined; Fidelity Management; Lazard Freres; Lincoln Capital; Loomis, Sayles; Marshall Plan; Newbold's; Southeastern; T-K Capital; TCW.

International — Acadian; Brinson; Clay Finlay; Delaware International; Templeton; TCW.

Fixed-income managers: Calamos; Delaware Investment; Fidelity Management; J.P. Morgan.

Real estate managers: Aetna; AMLI; Brinson; Cozad/Westchester; Heitman; JMB; PSI; TCW; VMS; ZML.

Non-marketable securities managers: Candover Partners; Corporate Advisors; Frontenac; Golder, Thoma & Cressey; Hancock Venture; KKR; Menlo Ventures; Prudential Venture.

The master and global custodian is Northern Trust.

Key personnel overseeing the investment management of the fund are Jane R. Patterson, executive director, and Larry Darlington, investment officer-fixed income.

State Universities Retirement System of Illinois

	($ millions)
Total assets*	4,210
Defined benefit	4,210
Employer DB contributions	100
Benefit payments	220

*as of June 30, 1991

Internally managed assets	20
Defined benefit asset mix	
Stocks	57%
Fixed income	31%
Cash equivalents	2%
Real estate equity	10%

CHAMPAIGN, Ill. — As of June 30, the State Universities Retirement System of Illinois' total employee benefit assets increased 6.3% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Ariel; Amerindo; Brinson; Fisher Investments; PIMCO; Rosenberg Institutional; Sarofim; Smith Barney; Wells Fargo Nikko; and Zevenbergen.

International — Wells Fargo Nikko.

Fixed-income managers: Domestic — PIMCO and Wells Fargo Nikko.

Real estate managers: Aetna; Equitable; JMB; and RREEF.

Other managers: Brinson.

The master custodian is Northern Trust; the investment consultant is Ennis, Knupp.

Key personnel overseeing the investment management of the fund are Kenneth Codlin, chief investment officer, and Jeanne Valcik, associate investment officer.

Teachers' Retirement System of the State of Illinois

	($ millions)
Total assets	9,888
Defined benefit	9,888
Employer DB contributions	294
Benefit payments	573

Hedging devices used

Top 200 funds with assets in mortgages*

Fund	($ millions)
TIAA-CREF	20,880
California Employees	3,215
New York State & Local	2,617
Alabama Retirement	2,115
New York State Teachers	1,916
Texas Teachers	1,800
Ohio Teachers	1,324
State of Michigan	1,006
Pennsylvania State	762
California State Teachers	672
Oregon Employes	640
U S WEST	531
Nat'l Electrical Contractors	455
Hawaii State	408
General Electric	400
Colorado Employees	399
Connecticut Trust	267
Kentucky Retirement	266
Pennsylvania Public Schools	251
Arizona State	250
New York City	250
Alaska State	174
Western Teamsters	174
Bakery & Confectionery	159
Wisconsin State	151
Westinghouse Electric	150
Operating Engineers	141
Montana Board	119
Idaho Employees	113
Kentucky Teachers	105
Illinois Municipal	97
Arkansas Teachers	88
Los Angeles County	85
Owens-Illinois	72
Nevada Employees	71
Los Angeles Fire & Police	61
Tenneco	40
USX	30
Ohio School Employees	28
Missouri State	23
Aetna Life	21
GenCorp	21
Southern Baptist Convention	16
Delta Air Lines	15
Utah State	15
Ohio Police & Fire	13
Louisiana Employees	11
Georgia Teachers	10
Halliburton	10
Atlantic Richfield	9
Citibank	5
New Mexico Emloyees	3
Minnesota Mining & Mfg.	2
S. California UFCW	2
United Methodists	2
Tennessee Consolidated	1
Trans World Airlines	1
Total	**42,463**

*All assets are defined benefit except for those of TIAA-CREF and Halliburton, which are all defined contribution assets, and the assets of the United Methodists, which include $1 million in defined contribution assets.

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Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined benefit asset mix	
Stocks	43.6%
Fixed income	26.9%
Cash equivalents	0.4%
Real estate equity	13.2%
International stock	8.5%
International fixed income	6.1%
Other	1.3%

SPRINGFIELD, Ill. — As of Sept. 30, the Teachers' Retirement System of the State of Illinois' total employee benefit assets increased 21% from a year earlier. All assets are defined benefit.

Equity managers: International — ANB; Bankers Trust; Brinson; Burgess; Clay Finlay; Daiwa; HD International; Murray Johnstone; PCM; Scudder.

Fixed-income managers: Domestic — ANB; Bear Stearns; PIMCO.

International — Brinson Partners; J.P. Morgan; Putnam.

Real estate managers: Bear Stearns; Brinson; Alex Brown; Commonwealth; Cozad; JLW; JMB; Kensington; MacFarlane; TCW.

Other managers: Frontenac; Weiss, Peck & Greer.

The master trustee is Harris Trust & Savings Bank; the investment consultant is Callan Associates.

Key personnel overseeing the investment management of the fund are Fred Husmann, executive director; and Thomas E. Zimmerman, chief investment officer.

Public Employees' Retirement Fund of Indiana

	($ millions)
Total assets	3,802
Defined benefit	3,802
Employer DB contributions	190
Benefit payments	86
Defined benefit asset mix	
Fixed income	99%
Cash equivalents	1%

INDIANAPOLIS — As of Sept. 30, the Public Employees' Retirement Fund of Indiana's total employee benefit assets increased 22.5% from a year earlier. All assets are defined benefit.

Fixed-income managers: Domestic — Bank One Indianapolis; INB National Bank; Lehman Ark; Prime Capital.

The investment consultant is Performance Analytics.

Indiana State Teachers' Retirement Fund

	($ millions)
Total assets	2,275
Defined benefit	40
Total defined contribution	2,235
Other	2,235
Employer DB contributions	40
Benefit payments	239
Employer DC contributions	0
Defined benefit asset mix	
Fixed income	100%
Defined contribution asset mix	
Fixed income	100%

INDIANAPOLIS — As of Sept. 30, the Indiana State Teachers Retirement Fund's total employee benefit assets increased 13.8% from a year earlier. Defined contribution assets increased 11.8%; a comparison for defined benefit assets was not available.

Fixed-income managers: Domestic — Alliance; Bank of New York; Bank One Indianapolis; Baxter; INB National Bank; Merchants Investment; Todd Investment.

The master custodian is INB National Bank.

The key person overseeing the investment management of the fund is Robert D. Newland, investment officer.

Inland Steel Industries Inc.

	($ millions)
Total assets	2,076
Defined benefit	1,658
Total defined contribution	418
ESOP	15
Other	403
Employer DB contributions	0
Benefit payments	120
Employer DC contributions	11
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Domestic stocks	46.6%
Non-U.S. equities	9.9%
Fixed income	31%
Cash equivalents	3.4%
Real estate equity	9.1%
Defined contribution asset mix	
Company stock	5%
Other stock	6%
GICs/BICs	85%
ESOP	4%

CHICAGO — As of Sept. 30, Inland Steel Industries Inc.'s total employee benefit assets increased 12.3% from a year earlier. Defined benefit assets increased 14.1% during the same period; defined contribution assets — which comprise an ESOP and a combined 401(k) and thrift/savings plan — increased 5.8%.

Equity managers: Domestic — Sanford Bernstein; Chancellor; Dalton

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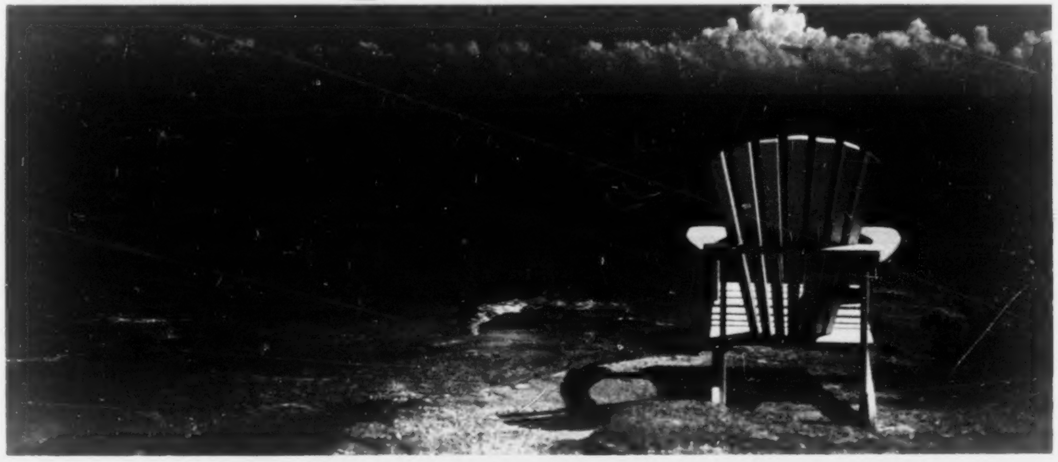

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International — Baring International; Brinson; and Putnam.

Fixed-income managers: Domestic — Lincoln Income.

Real estate managers: Cabot Partners; Equitable; Grubb & Ellis; JMB; MIG; Prudential; Zell/Merrill Lynch.

Other managers: Brinson Partners.

The master trustee is Northern Trust; the investment consultant is DeMarche.

Key personnel overseeing the investment management of the fund are Vicki L. Avril, director-pension investments; Michael G. Rippey, manager-pension investments; and Wale F. Adeosun, analyst-pension investments.

International Paper Co.

	($ millions)
Total assets	3,713
Defined benefit	2,408
Thrift/savings	1,305
Employer DB contributions	0.1
Benefit payments	107

Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	68.7%
Fixed income	19.5%
Cash equivalents	3%
Real estate equity	6.4%
GICs/BICs	2.4%
Defined contribution asset mix:	
Company stock	80%
GICs/BICs	16.6%
Loans	3.3%
Balanced	0.1%

PURCHASE, N.Y. — As of Sept. 30, International Paper Co.'s total employee benefit assets increased 38.9% from a year earlier. Defined benefit assets increased 22.4% during the same period; defined contribution assets increased 84.8%.

The trustees are State Street Bank and Bankers Trust; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Myra R. Drucker, staff vice president and director-trust investments; and Connie R. Caperella, manager-trust investments.

Iowa Public Employees Retirement System

	($ millions)
Total assets	5,942
Defined benefit	5,942
Employer DB contributions	158
Benefit payments	186
Internally managed assets	57

Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	35%
Fixed income	44%
Cash equivalents	1%
Real estate equity	10%
LBOs	9%
Venture capital	1%

DES MOINES, Iowa — As of Sept. 30, the Iowa Public Employees Retirement System's total employee benefit assets increased 20.9% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Capital Guardian; Mellon; RCM.

International — Hill/Samuel; Nomura; Philippe; Schroder.

Fixed-income managers: Domestic — Boston Co.; Loomis, Sayles; Mellon; Miller, Anderson & Sherrerd; J.P. Morgan.

International — Loomis, Sayles; Miller, Anderson & Sherrerd; J.P. Morgan.

Real estate managers: AEW; Copley; Heitman; JMB.

Other managers: Allsop; Cable & Howse; Gibbons, Green; Golda, Thoma; KKR; Interven; Interwest; Invest America; LTOS; Matrix; Menlo; MW; Prime; Steinberg Lyman; Summit; TCW; WCAS.

Boston Safe Deposit & Trust is master custodian and global custodian; Wilshire is investment consultant.

Key personnel overseeing the investment management of the fund are Kathy Comito, acting chief investment officer, and Curtis P. Gerlach, investment officer.

ITT Corp.

	($ millions)
Total assets	2,769
Defined benefit	1,728
Total defined contribution	1,041
Other	1,041
Benefit payments	96

Defined benefit asset mix:	
Stocks	60%
Fixed income	25%
Cash equivalents	7%
Real estate equity	8%
Defined contribution asset mix:	
Company stock	31%
Other stock	12%
GICs/BICs	53%
Cash equivalents	1%
Loan fund	3%

NEW YORK — As of Sept. 30, ITT Corp.'s total employee benefit assets decreased 7.4% from a year earlier. Defined benefit assets increased 19.3% during the same period; defined contribution assets — in a combined 401(k), ESOP and thrift or savings plan — decreased 32.4%.

Equity managers: Domestic — Alliance; American Fund; Barrow Hanley; First Manhattan; GAMCO; Jennison; State Street Research; Verus.

International — Alliance; Capital Guardian; Lazard Freres.

Fixed-income managers: Domestic — Alliance; J.P. Morgan; State Street Research.

International — Morgan International; WorldInvest.

Real estate managers: Coldwell Banker; Corporate Property Investors; Equitable; Metropolitan; RREEF.

Other managers: Alex. Brown; Butler Capital; Blackstone; Corporate Partners; GKH Partners; KKR; Kohlberg & Co.

The master trustee is Northern Trust; the global custodian is Northern Trust-London.

Key personnel overseeing the investment management of the fund are Edwin J. Ehrlich, director-pensions, and Eileen C. Leahy, manager-pensions.

J

Johnson & Johnson

	($ millions)
Total assets	1,962
Defined benefit	1,300
Thrift/savings	662
Employer DB contributions	0.3
Benefit payments	34
Employer DC contributions	0

Defined benefit asset mix:	
Stocks	77.3%
Fixed income	18.8%
Real estate equity	3.9%
Defined contribution asset mix:	
Company stock	18.3%
Other stock	13.7%
GICs/BICs	68%

NEW BRUNSWICK, N.J. — As of Sept. 30, Johnson & Johnson's total employee benefit assets increased 18.9% from a year earlier. Defined benefit assets increased 18.2% during the same period; defined contribution assets increased 20.4%.

Equity managers: Domestic — Alliance Capital; Barrow, Hanley, Mewhinney & Strauss; Capital Guardian; First Manhattan; Nicholas Applegate; Rosenberg.

Fixed-income managers: International — J.P. Morgan; Standish.

Real estate managers: J.P. Morgan; Lehndorff and Babson.

The master trustee is Bankers Trust.

Key personnel overseeing the investment management of the fund are H. Scott Snead, director-pension investment; and William Rauh, assistant director-pension investment.

K

K mart Corp.

	($ millions)
Total assets	2,109
Defined benefit	1,173
401(k)	936

Internally managed assets:	
Total DB	344
Hedging devices used:	
Stock options	
Stock index futures	
Defined benefit asset mix:	
Stocks	59.4%
Fixed income	29%
Cash equivalents	6.7%
Real estate equity	3.2%
Annuities	1.7%
Defined contribution asset mix:	
Company stock	42.3%
Other stock	9.3%
GICs/BICs	48.4%

TROY, Mich. — As of Sept. 30, K mart Corp.'s total employee benefit assets increased 28.4% from a year earlier. Defined benefit assets increased 19.2% during the same period; defined contribution assets increased 42%.

Equity managers: Domestic — Advanced Investment; Alliance; Avatar; BEA; Capital Guardian; Dimensional Fund; Greaves; NCM.

Fixed-income managers: Domestic — BEA Associates.

Real estate managers: Equitec; JMB.

The master trustee is NBD Bank.

Key personnel overseeing the investment management of the fund are Jon Hartman, assistant treasurer; William F. Camp, portfolio manager; and W. Tad Berger, investment analyst.

Kaiser Permanente

	($ millions)
Total assets	2,775
Defined benefit	2,161
Total defined contribution	614
401(k)	139

Bottom 800 defined benefit asset mix

	1991	1990
Aggregate		
Domestic stock	44.9%	40.9%
Domestic fixed income	35.0	34.5
Cash	6.2	9.1
Real estate equity	3.9	4.8
Mortgages	1.0	0.9
GICs/BICs	2.8	3.8
Private placements	0.2	0.3
Annuities	0.4	0.7
International equity	3.3	2.8
International fixed income	0.5	0.4
Venture capital	0.5	0.4
Oil/gas	0.1	0.1
LBOs	0.1	0.1
Other	1.1	1.2
Corporate		
Domestic stock	48.2%	44.3%
Domestic fixed income	31.0	29.8
Cash	6.4	9.4
Real estate equity	3.8	4.6
Mortgages	0.2	0.4
GICs/BICs	3.0	4.4
Private placements	0.2	0.2
Annuities	0.4	0.9
International equity	4.0	3.5
International fixed income	0.5	0.4
Venture capital	0.6	0.6
Oil/gas	0.1	0.1
LBOs	0.1	0.1
Other	1.5	1.3
Public		
Domestic stock	41.0%	35.7%
Domestic fixed income	44.1	44.7
Cash	4.9	8.9
Real estate equity	3.5	5.0
Mortgages	1.8	1.7
GICs/BICs	0.2	0.3
Private placements	0.0	0.1
Annuities	0.5	0.5
International equity	2.3	1.7
International fixed income	0.5	0.2
Venture capital	0.4	0.3
Oil/gas	0.0	0.0
LBOs	0.0	0.0
Other	0.8	0.9
Union		
Domestic stock	31.9%	28.9%
Domestic fixed income	42.9	42.7
Cash	8.1	9.2
Real estate equity	4.5	6.0
Mortgages	4.7	2.9
GICs/BICs	6.7	7.0
Private placements	0.1	0.9
Annuities	0.0	0.6
International equity	0.1	0.2
International fixed income	0.0	0.2
Venture capital	0.1	0.1
Oil/gas	0.0	0.0
LBOs	0.0	0.0
Other	0.9	1.3

Bottom 800 defined contribution asset mix

	1991	1990
Aggregate		
Domestic stock	17.8%	15.4%
Company stock	23.5	24.5
Domestic fixed income	9.7	10.1
Cash	7.3	8.5
Real estate equity	0.7	1.2
Mortgages	0.5	0.2
Annuities	0.7	0.9
GICs/BICs	35.3	32.7
International equity	0.5	0.3
International fixed income	0.1	0.1
Alternative investments*	0.2	0.0
Other	3.7	6.1
Corporate		
Domestic stock	17.6%	15.2%
Company stock	26.9	27.1
Domestic fixed income	6.4	8.1
Cash	6.7	7.1
Real estate equity	0.6	1.0
Mortgages	0.3	0.0
Annuities	0.3	0.7
GICs/BICs	36.9	34.2
International equity	0.4	0.3
International fixed income	0.0	0.1
Alternative investments*	0.1	0.0
Other	3.8	6.2
Public		
Domestic stock	26.4%	26.7%
Domestic fixed income	29.7	23.1
Cash	6.0	11.7
Real estate equity	1.3	0.9
Mortgages	0.2	0.0
Annuities	4.5	6.8
GICs/BICs	19.7	21.8
International equity	1.9	1.3
International fixed income	0.2	0.0
Alternative investments*	0.1	0.0
Other	10.0	7.4
Union		
Domestic stock	14.3%	12.8%
Domestic fixed income	42.0	34.2
Cash	25.2	31.1
Real estate equity	1.5	2.4
Mortgages	4.1	3.4
Annuities	0.0	0.3
GICs/BICs	12.2	14.0
International equity	0.1	0.0
International fixed income	0.0	0.0
Alternative investments*	0.0	0.0
Other	0.6	1.8

*Composed of venture capital, oil & gas, LBOs and private placements

Thrift/savings	353
403(b)	122
Employer DB contributions	96
Benefit payments	41
Employer DC contributions	21
Internally managed assets	
Total DC	15
Defined benefit asset mix	
Stocks	53%
Fixed income	42%
Cash equivalents	5%
Defined contribution asset mix	
Other stock	9%
Fixed income	7%
GICs/BICs	76%
Cash equivalents	7%
Other	1%

OAKLAND, Calif. — As of Sept. 30, Kaiser Permanente's total employee benefit assets increased 89.9% from a year earlier. Defined benefit assets increased 101% during the same period; defined contribution assets increased 60%.

Equity managers: Domestic — Fred Alger; Delaware; Essex Investment; Husic Capital; Lazard Freres; Wells Fargo Nikko.

Fixed-income managers: Domestic — Criterion Investment; Loomis, Sayles; Miller, Anderson & Sherrerd; T. Rowe Price.

The master trustees are Bankers Trust and Security Pacific.

Key personnel overseeing the investment management of the fund are Janice K. Murphy, vice president and treasurer, and Johann Koo, pension investment coordinator.

Kansas Public Employees Retirement System

	($ millions)
Total assets	4,207
Defined benefit	4,207
Employer DB contributions	105
Benefit payments	233
Hedging devices used	
Bond options	
Fixed-income futures	
Defined benefit asset mix	
Stocks	41.1%
Fixed income	33.3%
Cash equivalents	9%
Real estate equity	10.7%
Direct placements	5.9%

TOPEKA, Kan. — As of Sept. 30, the Kansas Public Employees Retirement System's total employee benefit assets increased 12.2% from a year earlier. All are defined benefit assets.

Equity managers: Domestic — Delaware Investment; Loomis, Sayles; Market Research; Pilgrim, Baxter, Greig; Provident; Wells Fargo Nikko.

International — Alliance; Nomura.

Fixed-income managers: Domestic — Loomis Sayles; PIMCO; Wells Fargo Nikko.

International — Julius Baer.

Real estate managers: Lehndorff and Babson; J.W. O'Connor.

Other managers: Chemical Bank; Pacholder Associates; Payden & Rygel.

The master custodian is Commerce Bank of Topeka; the global custodian is Bankers Trust.

The key person overseeing investment management of the fund is Elizabeth B.A. Miller, investment officer.

Kentucky Retirement Systems

	($ millions)
Total assets	3,900
Defined benefit	3,900
Employer DB contributions	160
Benefit payments	175
Internally managed assets	1,737
Defined benefit asset mix	
Stocks	55%
Fixed income	20%
Cash equivalents	13%
Real estate equity	5%
Mortgages	7%

FRANKFORT, Ky. — As of Sept. 30, the Kentucky Retirement Systems' total employee benefit assets increased 18.2% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Investment Advisers; Investment Counselors of Maryland.

Fixed-income managers: Domestic — National Asset; T. Rowe Price.

Real estate managers: Heitman; TCW; Yarmouth.

The master custodian is Farmers Bank and Capital Trust; the investment consultant is William M. Mercer.

Key personnel overseeing the investment management of the fund are Pamala S. Johnson, general manager, and Marlene O. Castle, investment officer.

Kentucky Teachers' Retirement System

	($ millions)
Total assets	4,501
Defined benefit	4,501
Employer DB contributions	247
Benefit payments	226
Internally managed assets	1,783
Defined benefit asset mix	
Stocks	28%
Fixed income	52%
Cash equivalents	17%
Real estate equity	1%
Mortgages	2%

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FRANKFORT, Ky. — As of Sept. 30, the Kentucky Teachers' Retirement System's total employee benefit assets increased 22.4% from a year earlier. All the assets are defined benefit.

Equity managers: Domestic — Brinson; INVESCO MIM; Todd Investment; and Wellington.

Fixed-income managers: Domestic — National Asset Management and Todd Investment.

The investment consultant is Becker, Burke.

Key personnel overseeing the investment management of the fund are Pat N. Miller, executive secretary, and Stuart A. Reagan, deputy executive secretary.

L

Eli Lilly and Co.

	($ millions)
Total assets	3,207
Defined benefit	1,557
401(k)	1,650
Employer DB contributions	78
Benefit payments	62
Employer DC contributions	30
Internally managed assets	
Total DC	425
Hedging devices used	
Stock index futures	
Defined benefit asset mix	
Stocks	70%
Fixed income	15%
Cash equivalents	11%
Real estate equity	4%
Defined contribution asset mix	
Company stock	57%
Other stock	10%
GICs/BICs	30%
Cash equivalents	3%

INDIANAPOLIS — As of Sept. 30, Eli Lilly and Co.'s total employee benefit assets increased 20.1% from June 30, 1990. Defined benefit assets increased 11.1% during the same period; defined contribution assets increased 30.1%.

Equity managers: Domestic — Ardsley; Capital Guardian; Mellon Capital; Reams; Reaves; United Capital; Wells Fargo.

International — Nikko and State Street.

Fixed-income managers: Domestic — Reams.

Real estate managers: GE; JMB; and RREEF.

The master trustee is Northern Trust.

Key personnel overseeing the investment management of the fund are Frederick W. Ruebeck, director-investments administration; and Karen L. Hardwick, Michael W. Neal and Thomas W. Green, all advisers-investments administration.

Lockheed Corp.

	($ millions)
Total assets*	9,052
Defined benefit	6,306
Total defined contribution	2,746
Thrift/savings	2,746

*P&I estimate

Defined benefit asset mix	
Stocks	45%
Fixed income	35%
Cash equivalents	11%
Real estate equity	6%
Other	3%

CALABASAS, Calif. — As of Sept. 30, *Pensions & Investments* estimates Lockheed Corp.'s total employee benefit assets increased 13.7%. The estimate is based on $8.309 billion the company reported as of Dec. 31, 1990, and represents a 13.7% increase from an estimated $7.963 billion a year earlier. Defined benefit assets are estimated to have increased 19% during the same period and defined contribution assets, 3%.

Managers: — Alliance Capital; Anhalt/O'Connell; Bankers Trust; Capital Guardian; Chancellor; Delaware Investment; DSI International; First Interstate Bank of Washington; Furman Selz; Hotchkis and Wiley; Investment Research; Thomas L. Karsten; Lombard Odier; Mellon Bank; Mitchell Hutchins; J.P. Morgan; Pacific Financial Research; Payden & Rygel; RREEF; SBC Portfolio; Sarofim Trust; Smith Barney; TCW Asset; UBS Asset; Western Asset; Westwood Management; Wright Investment.

The master trustee and global custodian is Bankers Trust.

Key personnel overseeing the investment management of the fund are George C. Weintz, investment counsel, and David C. Toth, manager-trust investments.

Los Angeles City Employees' Retirement System

	($ millions)
Total assets	3,095
Defined benefit	3,095
Employer DB contributions	135
Benefit payments	165
Internally managed assets	400
Hedging devices used	
Fixed-income futures	
Defined benefit asset mix	
Stocks	33%
Fixed income	49.8%
Cash equivalents	12.7%
Real estate equity	4.5%

LOS ANGELES — As of Sept. 30, the Los Angeles City Employees' Retirement System's total employee benefit assets increased 18% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Ariel; Bailard, Biehl & Kaiser; Bankers Trust; and Loomis Sayles.

International — Axe Core.

Fixed-income managers: Domestic — Bankers Trust; WR Lazard; Lincoln Capital; and Loomis Sayles.

Top 200 funds with assets in mortgage-backed securities

Defined benefit

Fund	($ millions)
New York City	8,506
California Employees	7,934
New York State & Local	4,720
Wisconsin State	4,277
Ohio Employees	4,100
New Jersey	4,000
Florida State Board	3,167
Ohio Teachers	2,528
Central States Teamsters	2,240
Texas Employees	1,685
New York State Teachers	1,654
South Carolina	1,650
Du Pont	1,474
General Electric	1,335
State of Michigan	1,276
Tennessee Consolidated	1,100
Indiana Employees	1,084
Bethlehem Steel	1,075
Washington State Board	1,063
Colorado Employees	955
Missouri Public Schools	951
USX	940
Ohio School Employees	687
Bell Atlantic	651
General Dynamics	600
Louisiana Teachers	600
Maryland State	600
San Francisco City & County	597
Alabama Retirement	560
Los Angeles County	503
Ohio Police & Fire	380
Pennsylvania State	358
GTE	308
Connecticut Trust	300
Utah State	250
Exxon	223
UMWA	200
Los Angeles Water & Power	194
Grumman	163
New Mexico Employees	157
Boilermakers-Blacksmiths	156
Presbyterian Church	150
Unisys	125
Nevada Employees	118
Idaho Employees	111
Kentucky Teachers	110
Missouri State	109
Commonwealth Edison	100
United Airlines	100
Minnesota Mining & Mfg.	91
Delta Air Lines	87
Bakery & Confectionery	84
TRW	83
Chicago Municipal	70
Tennessee Valley Authority	65
K mart	61
Chrysler	58
Motorola	53
Atlantic Richfield	46
Tenneco	35
Northrop	34
Montana Board	30
S. California UFCW	20
Oregon Employes	17
United Methodists	17
Nat'l Rural Electric Co-op	8
Illinois Municipal	2
Total	**66,985**

Defined contribution

Fund	($ millions)
TIAA-CREF	3,040
General Electric	1,046
Texas County & District	827
Indiana Teachers	670
Evangelical Lutheran Church	400
Halliburton	160
Motorola	160
Bechtel Power	106
Union Carbide	99
AT&T	30
United Methodists	21
Bell Atlantic	19
Delta Air Lines	14
Tennessee Valley Authority	12
Northrop	4
Total	**6,608**

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Real estate managers: AEW; LaSalle; Lehndorff & Babson; O'Connor; RREEF; TA Associates; and TCW Realty.

The master custodian and global custodian is Northern Trust; the investment consultants are SEI and Institutional Property Consultants.

Key personnel overseeing the investment management of the fund are Allen Young, general manager; Oscar Peters, assistant manager; and Dan Gallagher, investment officer.

Top 200 funds with assets in venture capital

Defined benefit

Fund	($ millions)
AT&T	533
Washington State Board	376
Bell Atlantic	359
State of Michigan	302
GTE	259
Kansas Employees	249
Los Angeles County	219
General Electric	205
U S WEST	200
California State Teachers	180
University of California	166
Illinois Teachers	128
Pacific Telesis	107
United Technologies	106
Sears, Roebuck	103
Colorado Employees	101
Du Pont	100
Illinois Municipal	95
Connecticut Trust	94
Mass. Teachers/Employees	92
Southwestern Bell	90
Honeywell	84
Pennsylvania Public Schools	77
Chevron	75
Chicago Municipal	73
Delta Air Lines	69
Pennsylvania State	69
S. California Edison	68
Wisconsin State	68
New York State & Local	65
Exxon	64
Prudential Insurance	61
Utah State	60
Virginia	57
Iowa Employees	56
Oregon Employes	53
Aluminum Co. of America	51
Ford Motor	50
Deere	49
California Employees	48
American Electric Power	46
Owens-Illinois	40
World Bank	38
Nat'l Electrical Contractors	35
Atlantic Richfield	34
New York State Teachers	33
Illinois State	30
Missouri State	29
Philip Morris	27
North Carolina	25
Ohio School Employees	25
Ohio Teachers	22
Rhode Island Employees	21
Ohio Employees	20
Xerox	20
Minnesota Mining & Mfg.	18
J.C. Penney	18
TRW	18
Unisys	17
Johnson & Johnson	16
Nevada Employees	15
Ohio Police & Fire	15
San Francisco City & County	15
Hewlett Packard	14
Eli Lilly	12
Grumman	12
Westinghouse Electric	8
Montana Board	7
Illinois Universities	6
BankAmerica	5
Inland Steel	5
Tenneco	5
S. New England Telephone	3
American Airlines	2
Total	**5,917**

Defined contribution

Fund	($ millions)
Hewlett Packard	29
University of California	20
Xerox	2
Total	**51**

Los Angeles County Employees Retirement Association

	($ millions)
Total assets*	11,091
Defined benefit	11,091
Employer DB contributions	351
Benefit payments	516

*as of June 30, 1991

Defined benefit asset mix	
Stocks	44.1%
Fixed income	39.7%
Cash equivalents	9.5%
Real estate equity	3.9%
Mortgages	0.8%
Venture capital	2%

LOS ANGELES — As of June 30, the Los Angeles County Employees Retirement Association's total employee benefit assets increased 7% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Capital Guardian; INVESCO MIM; Loomis, Sayles; Morgan Stanley; Pilgrim, Baxter, Grieg; Putnam Advisory; Security Pacific Investment; Stein Roe & Farnham; TSA; Weiss, Peck & Greer.

International — Brown Brothers Harriman; Capital Guardian; Daiwa; Morgan Grenfell; UBS Asset Management; Warburg Investment.

Fixed-income managers: Domestic — Bradford & Marzec; Brown Brothers; Capital Guardian; Criterion; J.P. Morgan; Mackay-Shields; Massachusetts Financial.

Real estate managers: Equitable; Goldman Sachs; Heitman; JMB; Lehndorff; Public Storage; RREEF; Sentinel; Shurgard; TCW; Trammell Crow.

Cash manager: Bankers Trust.

Venture capital managers: Copley Venture; GKH; Prudential Equity; Syndicated Communications; TA Communications; E.M. Warburg, Pincus.

The master custodian is Security Pacific National Bank; the global custodian is Chase Manhattan; the investment consultants are Callan Associates; Callan Real Estate Services; The Russell Co.; and Chancellor Capital.

Key personnel overseeing the investment management of the fund are Lee Baker, senior investment officer, fixed income; Sheldon Lieberman, senior investment officer, equity; and Keith Geddis, senior investment officer, real estate.

Los Angeles Fire & Police Pension System

	($ millions)
Total assets	4,220
Defined benefit	4,220
Employer DB contributions	346
Benefit payments	296
Internally managed assets	108
Hedging devices used	
Stock options	
Defined benefit asset mix	
Stocks	60%
Fixed income	33%
Cash equivalents	2%
Real estate equity	3.5%
Mortgages	1.5%

LOS ANGELES — As of Sept. 30, the Los Angeles Fire & Police Pension System's total employee benefit assets increased 22% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; Amerindo; Boston Co.; Delta; Frontier; Husic; Loomis, Sayles; and Target Investors.

International — Clay Finlay; Nomura; and Oechsle.

Fixed-income managers: Domestic — Boston Co.; Cypress; Loomis, Sayles; Magten; and Security Pacific.

Real estate managers: Boston Co.; Copley; Equitable; JMB; Prudential; PSI; and Sentinel.

Option managers: Balch, Hardy, Scheinman & Winston; MCQ; and Oppenheimer.

The master custodian and global custodian is Bankers Trust; the investment consultants are Wilshire and Wyatt.

Key personnel overseeing the investment management of the fund are Gary Mattingly, general manager; Allan Moore, assistant general manager; and Dennis Sugino, chief investment officer.

Los Angeles Water & Power Employees' Retirement Plan

	($ millions)
Total assets*	2,165
Defined benefit	2,165
Employer DB contributions	121
Benefit payments	133

*as of June 30, 1991

Internally managed assets	149
Hedging devices used	
Stock options	
Defined benefit asset mix	
Stocks	40%
Fixed income	53%
Cash equivalents	7%

LOS ANGELES — As of June 30, the Los Angeles Water & Power Employees' Retirement Plan's total employee benefit assets increased 17% from Sept. 30, 1990. All assets are defined benefit.

Equity managers: Domestic — Boston Co.; Merus Capital; and TCW.

Fixed-income managers: Domestic — Boston Co.; Merus Capital; and TCW.

The master trustee is Security Pacific; the investment consultant is SEI.

Key personnel overseeing the investment management of the fund are Richard W. Goss, retirement plan manager, and Kathleen L. Thornton, assistant retirement plan manager.

The Canadian pension system will be highlighted May 11.

Louisiana State Employees' Retirement System

	($ millions)
Total assets	2,663
Defined benefit	2,663
Employer DB contributions	185
Benefit payments	238
Internally managed assets	447
Defined benefit asset mix	
Stocks	34%
Fixed income	58%
Cash equivalents	4%
Real estate equity	3%
Mortgages	1%

BATON ROUGE, La.— As of Sept. 30, the Louisiana State Employees' Retirement System's total employee benefit assets increased 19.2% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Amerindo; Boston Co.; Eagle Asset; Investment Advisors; Merus; Fayez Sarofim; and J&W Seligman.

Fixed-income managers: Domestic — Denver Investments; Duff & Phelps; and INVESCO.

Real estate managers: Equitable; Heitman; JMB; Lehndorff & Babson; Metropolitan Life; O'Connor; PSI; and TCW.

The master custodian is Bank of New York for bonds and Custodial Trust for equities; the investment consultant is Callan.

The key person overseeing the investment management of the fund is Vernon Strickland, chief investment officer.

Teachers' Retirement System of Louisiana

	($ millions)
Total assets	4,292
Defined benefit	4,292
Employer DB contributions	296
Benefit payments	388
Internally managed assets	429
Defined benefit asset mix	
Stocks	40%
Fixed income	50%
Cash equivalents	10%

BATON ROUGE, La. — As of Sept. 30, the Teachers' Retirement System of Louisiana's total employee benefit assets increased 24.2% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Ashford; Boston Co.; Eagle; INVESCO; Palley-Needelman; Smith Barney, and Sun Bank.

International — Batterymarch and Scudder, Stevens.

Fixed-income managers: Domestic — Boatmen's; Criterion; Hibernia; Kemper; Morgan Stanley; and Scudder, Stevens.

International — Scudder, Stevens.

The master custodian is City National Bank of Baton Rouge; the global custodian is Chase Manhattan; the investment consultant is Holbein & Associates.

Key personnel overseeing the investment management of the fund are James Hadley, director, and Jennifer Netterville, investment officer.

Managers Scoreboard: Feb. 3.

British Gas
NYSE: BRG

HALF-YEAR RESULTS
and
SPECIAL DIVIDEND
ANNOUNCED

FIRST-HALF RESULTS (ended September 30)	1991	1990
Sales (£mm)	3,530	2,955
Operating Profit (£mm)*	67	85
Net Income (Loss) (£mm)	(32)	24
Earnings (Loss) per Ordinary Share (pence)	(0.8)	0.6
Net Income (US GAAP) (£mm)	87	140

*The greater portion of profit is generated in the second half of the fiscal year due to the seasonal nature of the company's gas utility business.

DIVIDEND	1991	1990
Interim per Ordinary Share (pence)	4.25	3.75
Special per Ordinary Share (pence)*	6.0	–

*British Gas has announced its fiscal year-end date will change from March 31 to December 31. The 1991 fiscal period ended on December 31, 1991. The board expects to recommend a special final dividend of six pence per share in February 1992, at the time of announcing the results for the nine months ended December 31, 1991.

For a British Gas plc interim report, write or call:

Mr. Frederick J. Fajardo
Gavin Anderson Doremus & Company
11 West 42nd Street, New York, NY 10036
(212) 921-1060

M

Maine State Retirement System

	($ millions)
Total assets	2,311
Defined benefit	2,311
Employer DB contributions	169
Benefit payments	183
Defined benefit asset mix	
Stocks	56%
Fixed income	39%
Cash equivalents	2%
Real estate equity	3%

AUGUSTA, Maine — As of Sept. 30, the Maine State Retirement System's total employee benefit assets increased 25.8% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; Columbus Circle; Geo Capital; Gouws; Lehman Ark; PanAgora; Peregrine.

International — Bankers Trust; State Street Bank.

Fixed-income managers: Domestic — Alliance; Boston Safe; Morgan Guaranty; PanAgora; Putnam.

Real estate manager: PCA.

Oil & gas manager: First Reserve.

The master custodian is Boston Safe; the global custodians are Bankers Trust and State Street Bank; the investment consultant is Ennis, Knupp.

Key personnel overseeing the investment management of the fund are Claude R. Perrier, executive director, and William B. Ross, investment account coordinator.

Martin Marietta Corp.

	($ millions)
Total assets	3,644
Defined benefit	2,434
Total defined contribution	1,210
Employer DB contributions	111
Benefit payments	100
Employer DC contributions	16
Internally managed assets	
Total DB	1,061
Defined benefit asset mix	
Stocks	26%
Fixed income	24%
Cash equivalents	50%
Defined contribution asset mix	
Company stock	9%
Other stock	24%
GICs/BICs	25%
Cash equivalents	42%

BETHESDA, Md. — As of Sept. 30, Martin Marietta Corp.'s total employee benefit assets increased 10.4% from a year earlier. Defined benefit assets increased 8.3% during the same period; defined contribution assets — a profit-sharing plan with a 401(k) feature — increased 15%.

Equity managers: Domestic — Breau; Capital Guardian; Invista; Pioneering; State Street Research; Robert E. Torray.

Fixed-income managers: Domestic — T. Rowe Price.

The master trustee and global custodian is Bankers Trust; the investment consultant is Evaluation Associates.

Key personnel overseeing the investment management of the fund are Wayne H. Shaner, assistant treasurer; Shawn M. Hendon, director, pension investments; and Karen D. Hummers, analyst, pension investments.

Maryland State Retirement and Pension Systems

	($ millions)
Total assets	13,200
Defined benefit	13,200
Employer DB contributions	640
Benefit payments	610
Internally managed assets	8,100
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	36%
Fixed income	59%
Cash equivalents	3%
Real estate equity	2%

BALTIMORE — As of Sept. 30, the Maryland State Retirement and Pension Systems' total employee benefit assets increased 22.7% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Bankers Trust; Capital Guardian; Dimensional Fund; Hagler, Mastrovita & Hewitt; Investment Counselors of Maryland; Scudder; Wellington.

International — BEA; Bank of Ireland; State Street Bank.

Fixed-income managers: Domestic — Investment Counselors of Maryland; Mercantile Safe; PIMCO; Progress; Standish, Ayer & Wood.

Real estate managers: Alex. Brown/Kleinwort; CIGNA; Copley; J.P. Morgan; Sentinel.

Other managers: Maryland Venture Capital Trust.

The master custodian is First National Bank of Maryland.

Key personnel overseeing the investment management of the fund are Carol Casey, chief investment officer; Lawrence J. Bach, director, passive management; Arthur M. Lynch Jr., director, actively managed assets; and Victoria Willard, director, cash management.

Commonwealth of Massachusetts Pensions Reserves Investment Management Board

	($ millions)
Total assets	3,200
Asset mix	
Domestic stocks	39.6%
International stocks	15.6%
Domestic fixed income	22%
International fixed income	2.1%
Cash equivalents	2.1%
Real estate equity	8.5%
Venture capital	3.4%
Other	6.7%

BOSTON — As of Sept. 30, Commonwealth of Massachusetts Pensions Reserves Investment Management Board's total assets increased 18.5% from a year earlier.

Equity managers: Domestic — Alliance Capital; Bear Stearns; Lazard Freres; PanAgora; U.S. Trust.

international — Acadian; Baring International; Capital Guardian; Daiwa; Emerging Markets; GE Investments; HD International; Nomura; Oechsle; Scudder, Stevens & Clark; and State Street Bank.

Global — TCW Global.

Fixed-income managers: Domestic

Top 200 defined benefit funds with assets in non-investment grade bonds

Fund	($ millions)
Pennsylvania State	376
California Employees	312
Los Angeles Fire & Police	217
Connecticut Trust	200
State of Michigan	193
UMWA	150
Xerox	123
San Francisco City & County	120
General Electric	115
USX	100
Tennessee Valley Authority	91
Bell Atlantic	80
United Airlines	80
Montana Board	75
Monsanto	65
U S WEST	62
New York State Teachers	41
Central States Teamsters	40
Atlantic Richfield	38
Presbyterian Church	30
Missouri State	16
Mississippi Employees	11
Boeing	5
Hospital/Healthcare	2
Westinghouse Electric	1
Total	**2,543**

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— AEW/Worcester; Equitable Capital; Fidelity Management; W.R. Huff; Lehman Ark; One Federal Asset; PIMCO; Putnam; Standish, Ayer & Wood; TCW.

International — Baring International and N.M. Rothschild.

Real estate managers: Domestic — Advent Realty; AEW; Boston Financial; Copley; FNB Boston; John Hancock; Heitman; INVESCO; JMB; Massachusetts Mutual; and TCW Realty.

International — JMB.

Venture capital managers: Domestic — Commonwealth Bioventures; Davis Venture; Golder, Thoma & Cressey; John Hancock; Morgan Holland; M.T.D.C.; S.C.V. Partners; T.A. Associates; Venture Capital of New England; and Vista.

International — Advent International; APA Ventures; and John Hancock International.

Special equity managers: Domestic — Boston Ventures; Forstmann Little; INVEXCO; KKR; Thomas H. Lee; Joseph, Littlejohn & Levy; Smith Offshore; and Weintraub.

International -- Advent; MMG Patricoff; and Schroder U.K.

The master trustee and global custodian is State Street Bank; the investment consultant is Wilshire.

Key personnel overseeing the investment management of the fund are Paul V. Doane, executive director, and Philip D. Kett, chief investment officer.

Massachusetts State Teachers' and Employees' Retirement System

	($ millions)
Total assets	6,591
Defined benefit	5,979
457	612
Employer DB contributions	310
Employer DC contributions	0
Internally managed assets	
Total DB	3,338
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	

BOSTON — As of Sept. 30, the Massachusetts State Teachers' and Employees Retirement System's total employee benefit assets decreased 0.9% from the amount listed in Money Market Directory as of June 30, 1990.

Equity managers: Domestic — Boston Co.; Chancellor; Equitable Capital; Fidelity Management; Goldman Sachs; Greaves; Independence; Massachusetts Financial; Morgan Stanley; Numeric.

International — Guiness Mahon; Jarislowsky Fraser; Lombard Odier; Wardley.

Fixed-income managers: Domestic — Loomis, Sayles.

International — BB Investment; Credit Suisse; Equitilink; Massachusetts Financial.

Real estate managers: Aetna; AEW; Bear Stearns; Brinson; Copley; Franklin Properties; Hancock; Lehndorff & Babson; Meridian; Metric; PSI; Prudential; Shurgard; Sierra Capital; Sterling; TA Associates.

Balanced managers: Bailard, Biehl & Kaiser; Guiness Mahon; RXR.

Venture capital managers: Beta; Bigler; Clayton & Dubilier; Frontenac; Hancock Venture; Narragansett; New Enterprises; Prudential; TA Communications; Thomas H. Lee; Vista; Welsh, Carson, Anderson & Stowe.

Hedging manager: Cambridge.

Other managers: Massachusetts Financial; Prudential; Sentry.

The master and global custodian is State Street Bank; the investment consultant is Callan.

Key personnel overseeing the investment management of the fund are Steven Kaseta, deputy treasurer; Mark Baker, chief investment analyst; and Alan West, chief investment officer.

McDonnell Douglas Corp.

	($ millions)
Total assets	6,800
Defined benefit	4,952
Total defined contribution	1,848

ST. LOUIS — As of Sept. 30, McDonnell Douglas Corp.'s total employee benefit assets were $6.8 billion.

Key personnel overseeing the investment management of the fund are Sheryl K. Pressler, director, and Patricia A. Dahl, investment analyst.

Metropolitan Life Insurance Co.

	($ millions)
Total assets	3,857
Defined benefit	2,608
Defined contribution	1,249
Employer DB contributions	0
Benefit payments	136
Employer DC contributions	39
Internally managed assets	
Total DB	2,608
Total DC	1,249
Defined benefit asset mix	
Stocks	39%
Fixed income	50%
Real estate equity	11%
Defined contribution asset mix	
Other stock	18%
BICs/GICs	81%
Equity real estate	1%

NEW YORK — As of Sept. 30, Metropolitan Life Insurance Co.'s total employee benefit assets increased 13.6% from a year earlier. Defined benefit assets increased 8.5% during the same period; defined contribution assets — in a thrift/savings plan with a 401(k) feature and a VDEC — increased 25.9%.

All assets are managed internally.

State of Michigan Retirement Systems

	($ millions)
Total assets	20,120
Defined benefit	20,120
Employer DB contributions	1,000
Benefit payments	1,100
Internally managed assets	18,910
Hedging devices used	
Stock index futures	
Defined benefit asset mix	

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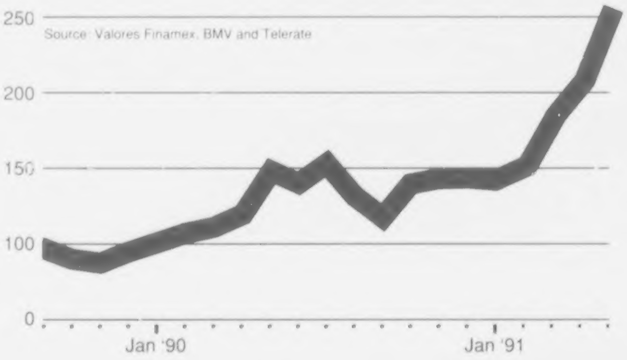

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VALORES FINAMEX
INTERNATIONAL INC

Stocks	34%
Fixed income	31%
Cash equivalents	20%
Real estate equity	6%
Mortgages	5%
Other	4%

LANSING, Mich. — As of Sept. 30, the State of Michigan Retirement Systems' total employee benefit assets increased 16.5% from a year earlier. All assets are defined benefit.

Real estate managers: AEW; Copley; Lehndorff & Babson; L.E.T.; NBD Mortgage; Sentinel; Trammell Crow; Zell/Merrill Lynch.

Venture capital and LBO managers: Accel; Battery; Berkshire; Burr, Egan, Deleage; Enterprise; Frontenac; Great Lakes; S/L Health Care; Inter Ven; KKR; Marquette; MBW; Menlo; MLGA; Morgan Holland; Newtek; Plant Resources; Regional Financial; Robertson, Colman & Stephens; Sunwestern; Warburg, Pincus; Wind Point.

Key personnel overseeing the investment management of the fund are Barry L. Stevens, director-Bureau of Investments; and Gordon H. Linsday, deputy director-Bureau of Investments.

Minnesota Mining & Manufacturing Co.

	($ millions)
Total assets	4,102
Defined benefit	2,884
Total defined contribution	1,218
401(k)	1,050
Thrift/savings	9
ESOP	57
Other	102
Employer DB contributions	41
Benefit payments	108
Internally managed assets	
Total DB	26
Total DC	141
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	59.4%
Fixed income	28.5%
Cash equivalents	2%
Real estate equity	5.8%
Other	4.3%
Defined contribution asset mix	
Company stock	27.2%
Other stock	22.7%
Fixed income	11.6%
GICs/BICs	38.5%

ST. PAUL, Minn. — As of Sept. 30, Minnesota Mining & Manufacturing Co.'s total employee benefit assets increased 24.8% from a year earlier. Defined benefit assets increased 21.5% during the same period; defined contribution assets increased 33.1%.

Equity managers: Domestic — Advanced Investment; Alliance; Ashland; Boston Co.; Cursitor-Eaton; Dietche & Field; Grantham Mayo Van Otterloo; Investment Research; Mellon Capital; Fayez Sarofim; Trinity; ValueQuest.

International — Grantham Mayo Van Otterloo; Schroder.

Fixed-income managers: Domestic — Hoisington; Mellon Capital; New Amsterdam; PIMCO; Sun Life.

Real estate managers: Citibank; Equitable; JMB; RCB; RREEF; Schroder; TCW.

Other managers: Allen Value; Forstmann Little; HLM; Oak; Olympus; Summit; Triumph; Zell-Chilmark.

The master trustee and global custodian is Boston Safe Deposit.

Key personnel overseeing the investment management of the fund are Jan Yeomans, director-benefit funds and financial markets; Deborah Weiss, manager-benefit funds investment; and Raj Kang, senior pension analyst.

Minnesota State Board of Investment

	($ millions)
Total assets	15,105
Defined benefit	14,568
Total defined contribution	537
Other	537
Internally managed assets	
Total DB	6,224
Total DC	81
Defined benefit asset mix	
Stocks	38.6%
Fixed income	52.2%
Cash equivalents	2.5%
Real estate equity	4%
Other	2.7%
Defined contribution asset mix	
Stock	50.2%
Fixed income	16.9%
GICs/BICs	12.3%
Cash equivalents	20.6%

ST. PAUL, Minn. — As of Sept. 30, the Minnesota State Board of Investment's total employee benefit assets increased 24.9% from a year earlier. Defined benefit assets increased 25% during the same period; defined contribution assets increased 20.1%.

Equity managers: Alliance; Forstmann-Leff; Franklin Portfolio; GeoCapital; IDS Advisory; Investment Advisers; Lieber; Rosenberg Institutional; Waddell & Reed; Wilshire.

Fixed-income managers: Domestic — Fidelity Management; Investment Advisers; Lehman Ark; Lincoln Capital; Miller, Anderson Sherrerd; Western Asset.

Real estate managers: Aetna; Equitable; Heitman; LaSalle; RREEF; State Street Bank; TCW; Zell-Chilmark.

Venture capital managers: Allied; DSV Management; First Chicago; Golder, Thoma & Cressey; Inman & Bowman; IAI Venture; KKR; Matrix; Norwest Venture; Smith Barney Venture; Stamps, Woodsum; T. Rowe Price; ZC Limited Partnership.

Resource funds managers: Apache; British Petroleum; First Reserve; J.P. Morgan.

The master custodian is State Street; the investment consultant is Richards & Tierney.

Key personnel overseeing the investment management of the fund are Howard J. Bicker, executive director, and Beth Lehman, assistant executive director.

Public Employees Retirement System of Mississippi

	($ millions)
Total assets	5,420
Defined benefit	5,420
Employer DB contributions	265
Benefit payments	258
Defined benefit asset mix	
Stocks	40%
Fixed income	58%
Cash equivalents	2%

JACKSON, Miss. — As of Sept. 30, the Public Employees Retirement System of Mississippi's total employee benefit assets increased 25.5% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Bankers Trust; DFA; GEOCapital; INVESCO; Fayez Sarofim; Sun Bank.

International — Brinson; Lazard Freres; Scudder, Stevens & Clark.

Fixed-income managers: Domestic — Brinson; Criterion; Dreyfus; Mellon Bond; Morgan Grenfell; Pacific Investment Management; Wells Fargo Nikko.

The master custodian is Trustmark National Bank; the investment consultant is SEI.

Key personnel overseeing the investment management of the fund are Eddie B. Vandiver, deputy director-investments; Ronald D. Logan, investment manager; and Lorrie Tingle, investment analyst.

Public School Retirement System of Missouri

	($ millions)
Total assets*	5,861
Defined benefit	5,861
Employer DB contributions	168
Benefit payments	229
Defined benefit asset mix	
Stocks	18.3%
Fixed income	74.3%
Cash equivalents	6.9%
GICs/BICs	0.5%

*as of June 30, 1991

JEFFERSON CITY, Mo. — As of June 30, the Public School Retirement System of Missouri's total employee benefit assets increased 1% from a year earlier. All assets are defined benefit.

Balanced managers: Boatmen's Trust; Loomis, Sayles; United Missouri.

The master custodian is Boatmen's Trust; the investment consultant is DeMarche.

The key person overseeing the investment management of the fund is David W. Mustoe, executive secretary.

Missouri State Employees' Retirement System

	($ millions)
Total assets	1,905
Defined benefit	1,905
Employer DB contributions	112
Benefit payments	68
Internally managed assets	111
Defined benefit asset mix	
Stocks	50%
Fixed income	42%
Real estate equity	5%
Mortgages	1%
Venture capital	2%

JEFFERSON CITY, Mo. — As of Sept. 30, the Missouri State Employees' Retirement System's total employee benefit assets increased 24% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; CFW; Delaware; General American Investment; Shields; Twentieth Century.

Fixed-income managers: Domestic — Boatmen's Trust; Loomis, Sayles; Mississippi Valley; United Missouri.

Other managers: Brinson Partners.

The master custodian is Boatmen's Trust; the investment consultant is Asset Consulting Group.

Key personnel overseeing the investment management of the fund are M. Steve Yoakum, executive director; John Brandt, senior investment analyst; and Kent Baur, investment analyst.

Mobil Oil Corp.

	($ millions)
Total assets	5,426
Defined benefit	2,533
Total defined contribution	2,893
Employer DB contributions	0
Benefit payments	0.2
Employer DC contributions	0.1
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	52%
Fixed income	37%
Cash equivalents	2%
Other	9%
Defined contribution asset mix	
Company stock	51%
Other stock	7%
Fixed income	1%
GICs/BICs	31%
Cash equivalents	7%
Participant loans	3%

FAIRFAX, Va. — As of Sept. 30, Mobil Oil Corp.'s total employee benefit assets increased 16.1% from a year earlier. Defined benefit assets increased 15.1% during the same period; defined contribution assets — in a combined savings, 401(k), ESOP plan — increased 16.9%.

Equity managers: Domestic — Alliance; Capital Guardian; Jennison; Fayez Sarofim; Wells Fargo Nikko.

International — Grantham, Mayo; Morgan Stanley; Oechsle.

Global — Brinson; Capital Guardian; Templeton.

Fixed-income managers: Domestic — Criterion; Henry Kaufman; Loomis, Sayles; J.P. Morgan; PIMCO; State Street Research.

International/global — Brinson; Putnam; WorldInvest.

GIC managers: Connecticut General; Continental National; Hancock; Metropolitan Life; Prudential.

Asset allocation managers: Bridgewater; First Quadrant; TSA.

Cash managers: Bankers Trust and United States Trust.

For the defined benefit plan, the master trustee is United States Trust Co. of New York; the global custodians are U.S. Trust and Morgan Stanley Trust; and the investment management consultant is Evaluation Associates. For the defined contribution plan, Bankers Trust is master trustee.

Key personnel overseeing the investment management of the fund are Robert B. Hahnen, manager, corporate benefits-finance, and Daniel J. Lynch, assistant manager, corporate benefits-finance.

Monsanto Co.

	($ millions)
Total assets	4,500
Defined benefit	3,100
401(k)	1,400
Employer DB contributions	0
Benefit payments	187
Employer DC contributions	30
Internally managed assets	
Total DB	67
Hedging devices used	
Stock options	

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- dedication using option embedded bonds

Innovations in Mortgage Backed Modelling

- prepayment models and the yield curve
- linking prepayments to interest rate generation models
- analyzing short payers and CMO swaps

Asset Performance and Surplus Control

- surplus management
- shortfall constraints
- definition of a "risk-adjusted" surplus measure

Pension Portfolio Management

- managing a diversified pension portfolio
- diversified fixed income asset classes
- adding value through active management

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Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	65%
Fixed income	24%
Cash equivalents	3%
Real estate equity	8%
Defined contribution asset mix	
Company stock	39%
Other stock	8%
GICs/BICs	50%
Participant loans	3%

ST. LOUIS — As of Sept. 30, Monsanto Co.'s total employee benefit assets increased almost 11% from a year earlier. Defined benefit assets increased 4.8% during the same period; defined contribution assets increased 27.7%.

The master trustee and global custodian is Northern Trust; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Alwyn E. Wolfarth, director-pension asset management, and Pamela S. Moench, manager-pension asset management.

Montana Board of Investments

	($ millions)
Total assets*	2,024
Defined benefit	2,024

*as of June 30, 1991

Internally managed assets	1,996
Defined benefit asset mix	
Stocks	21.8%
Fixed income	63.2%
Cash equivalents	6.7%
Mortgages	5.9%
Venture capital	0.3%
LBOs	1.1%
Convertibles	1%

HELENA, Mont. — As of June 30, the Montana Board of Investments' total employee benefit assets increased 10.9% from a year earlier. All assets are defined benefit.

LBO manager: KKR.

Venture capital manager: Brinson.

The master custodian is Chase.

Key personnel overseeing the investment management of the fund are James R. Penner, investment officer; Fred Godbout, assistant-equities; Robert Bugni, assistant-fixed income and alternative equities; and Ed Kelly, assistant-short-term investments.

Motorola Inc.

	($ millions)
Total assets	2,492
Defined benefit	695
Defined contribution	1,797
PAYSOP	33
Other	1,764
Employer DB contributions	8
Benefit payments	11
Employer DC contributions	19

Hedging devices used	
Bond options	
Fixed-income futures	
Defined benefit asset mix	
Stocks	62%
Fixed income	38%
Defined contribution asset mix	
Company stock	7%
Other stock	40%
Fixed income	53%

SCHAUMBURG, Ill. — As of Sept. 30, Motorola Inc.'s total employee benefit assets increased 23.4% from a year earlier. Defined benefit assets increased 29.4% during the same period; defined contribution assets, most of which are in a combined profit-sharing/401(k) plan, increased 21.3%.

Equity managers: Domestic — Capital Guardian; Delaware; Harris Investment; Jennison; Lehman Ark; and Lincoln Capital.

International — Brinson and Morgan Grenfell.

Fixed-income managers: Domestic — Harris Investment; Scudder, Stevens & Clark; Stein Roe & Farnham; and Weiss Peck & Greer.

Harris Trust is master trustee and global custodian for the defined benefit plan; Northern Trust is master trustee and global custodian for the defined contribution plan.

The key person overseeing the investment management of the fund is William H.S. Preece.

N

National Electrical Contractors Association-International Brotherhood of Electrical Workers

	($ millions)
Total assets	4,308
Defined benefit	4,046
401(k)	262
Employer DB contributions	171
Benefit payments	212
Employer DC contributions	30

Defined benefit asset mix	
Stocks	34%
Fixed income	34%
Cash equivalents	6%
Real estate equity	9%
GICs/PICs	3%
Mortgages	11%

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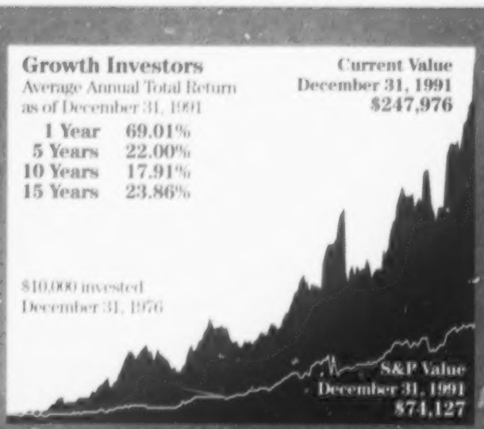

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Other	3%
Defined contribution asset mix:	
Other stock	21%
Fixed income	34%
GICs/BICs	13%
Cash equivalents	19%
Real estate	13%

WASHINGTON — As of Sept. 30, National Electrical Contractors Association — International Brotherhood of Electrical Workers' total employee benefit assets increased 16.7% from a year earlier. Defined benefit assets increased 16.3% during the same period; defined contribution assets increased 23%.

The master trustee is Boston Safe; the investment consultant is Marco.

Key personnel overseeing the investment management of the fund are Jack Moore and John Grau, trustees, and Roy Dickinson, executive assistant.

National Rural Electric Cooperative Association

	($ millions)
Total assets	2,497
Defined benefit	1,809
401(k)	688
Internally managed assets:	
Total DB	826
Total DC	199
Defined benefit asset mix:	
Stocks	54%
Fixed income	35%
Cash equivalents	11%
Defined contribution asset mix:	
Stock	29%
Fixed income	18%
GICs/BICs	9%
Cash equivalents	44%

WASHINGTON — As of Sept. 30, the National Rural Electric Cooperative Association's total employee benefit assets increased 17.8% from a year earlier. Defined benefit assets increased 13% during the same period; defined contribution assets increased 32.6%.

Equity managers: Domestic — Barrow, Hanley, Mewhinney & Strauss; Capital Guardian; Chesapeake.

International — Grantham, Mayo, Van Otterloo and J.P. Morgan.

Fixed-income managers: Domestic — Lincoln Income Group.

The master trustee and global custodian is State Street Bank.

Key personnel overseeing the investment management of the fund are Peter R. Morris, executive director-investments; Stuart E. Teach, senior equity portfolio manager; and Douglas G. Kern, senior fixed-income portfolio manager.

Navistar International Transportation Corp.

	($ millions)
Total assets	2,159
Defined benefit	2,109
401(k)	50
Employer DB contributions	0
Benefit payments	233
Employer DC contributions	11
Defined benefit asset mix:	
Fixed income	92%
Cash equivalents	7%
GICs/BICs	1%
Defined contribution asset mix:	
Company stock	10%
GICs/BICs	59%
Cash equivalents	31%

CHICAGO — As of Sept. 30, Navistar International Transportation Corp.'s total employee benefit assets increased 7.7% from a year earlier. Defined benefit assets increased 7% during the same period; defined contribution assets increased 45.6%.

Fixed-income managers: Domestic — Jennison and J.P. Morgan.

The master trustee is Northern Trust.

Key personnel overseeing the investment management of the fund are Terry Endsley, director of pension and corporate finance, and Robert Lannert, executive vice president and chief financial officer.

NCR Corp.

	($ millions)
Total assets	2,032
Defined benefit	1,600
Total defined contribution	432
Profit-sharing	74
Thrift/savings	325
PAYSOP	33

DAYTON, Ohio — As of Sept. 30, NCR Corp.'s total employee benefit assets increased 19.5% from a year earlier. Defined benefit assets increased 17.6% during the same period; defined contribution assets increased 27%.

Equity managers: Domestic — Columbus Circle; INVESCO MIM; Newbold's; Wells Fargo Nikko.

International — Wells Fargo Nikko.

Fixed-income manager: Domestic — J.P. Morgan.

Real estate manager: Equitable.

The master trustee is Citibank.

The key person overseeing the investment management of the fund is Norman M. Pao, assistant treasurer.

Public Employees Retirement System of Nevada

	($ millions)
Total assets	4,169
Defined benefit	4,169
Employer DB contributions	300
Benefit payments	141
Hedging devices used:	
Stock options	
Bond options	
Defined benefit asset mix:	
Stocks	39.5%
Fixed income	49.7%
Cash equivalents	0.2%
Real estate equity	8.5%
Mortgages	1.7%
Venture capital	0.4%

CARSON CITY, Nevada — As of Sept. 30, the Public Employees Retirement System of Nevada's total employee benefit assets increased 26% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; INVESCO; Wells Fargo Nikko.

International — Axe Core.

Fixed-income managers: Domestic — Criterion; Patterson Capital; Putnam; State Street Research.

International — Brinson.

Real estate managers: JMB; Lehndorff & Babson; J.P. Morgan; PMRealty; Prudential; TCW.

Other managers: Balch Hardy Scheinman; Bay Partners; Columbine; Domain; El Dorado; Golder, Thoma; Heitman; Loomis, Sayles; LTOS; Menlo; Sequor Group; Summit.

The master custodian is Security Pacific; the investment consultant is Callan.

Key personnel overseeing the investment management of the fund are Laura B. Wallace, investment officer, and Peggy I. Clark, investment analyst.

State of New Jersey Division of Investment

	($ millions)
Total assets	31,280
Defined benefit	31,000
457 and 403(b)	280
Employer DB contributions	900
Benefit payments	400
Internally managed assets:	
Total DB	31,000
Total DC	280
Defined benefit asset mix:	
Stocks	50%
Fixed income	48%
Cash equivalents	2%
Defined contribution asset mix:	
Stocks	43%
Fixed income	28.5%
Cash equivalents	28.5%

TRENTON, N.J. — As of Sept. 30, the State of New Jersey Division of Investments' total employee benefit assets increased 17.6% from June 30, 1990. Defined benefit assets increased 17.7% during the same period; defined contribution assets increased 2.2%.

All assets are managed internally.

The master custodians are: First Fidelity, Midlantic, CoreStates and Bankers Trust. The global custodian is Bankers Trust.

Key personnel overseeing the investment management of the fund are Roland M. Machold, director; Anthony A. Arcuni, deputy director; and Stephen A. Kornrumpf, assistant director.

New Mexico Educational Retirement Board

	($ millions)
Total assets	2,426
Defined benefit	2,426
Employer DB contributions	85
Benefit payments	121
Internally managed assets	2,426
Defined benefit asset mix:	
Stocks	18%
Fixed income	79%
Cash equivalents	3%

SANTA FE, N.M. — As of Sept. 30, the New Mexico Educational Retirement Board's total employee benefit assets increased 21.9% from a year earlier. All assets are defined benefit.

Wellington Management advises on investments. The master custodian is Bankers Trust.

Key personnel overseeing the investment management of the fund are John E. Young, chief investment officer; and Sharon L. Scrogham, investment officer.

New Mexico Public Employees' Retirement Association

	($ millions)
Total assets	2,386
Defined benefit	2,336

Top 200 funds with defined benefit assets in indexed equities and bonds

($ millions)

Fund	Total	Indexed equities	Indexed bonds
New York City	35,929	16,166	19,763
California State Teachers	29,601	12,323	17,278
New York State & Local	18,246	18,246	0
California Employees	17,947	17,947	0
New York State Teachers	17,165	17,165	0
AT&T	14,776	10,285	4,491
Florida State Board	12,042	8,175	3,867
Los Angeles County	7,694	3,928	3,766
NYNEX	5,266	3,894	1,372
Central States Teamsters	4,971	1,459	3,512
General Electric	4,970	4,970	0
Washington State Board	4,631	3,615	1,016
Maryland State	4,400	3,200	1,200
Ford Motor	4,200	3,900	300
Minnesota State	4,193	3,066	1,127
Arizona State	3,896	2,077	1,819
Du Pont	3,679	3,679	0
Pennsylvania State	3,386	2,678	708
Western Teamsters	3,325	2,314	1,011
Southwestern Bell	2,719	2,719	0
Mississippi Employees	2,575	979	1,596
Colorado Employees	2,522	2,522	0
Exxon	2,248	1,592	656
Rhode Island Employees	2,211	1,347	864
Indiana Employees	2,075	0	2,075
North Carolina	1,909	1,909	0
Illinois Universities	1,830	1,470	360
Oklahoma Teachers	1,762	648	1,114
Virginia	1,740	1,740	0
Kentucky Retirement	1,695	1,200	495
Operating Engineers	1,603	571	1,032
Episcopal Church	1,573	1,071	502
Iowa Employees	1,530	872	658
Chrysler	1,442	1,034	408
Hospital/Healthcare	1,381	813	568
UMWA	1,360	815	545
Connecticut Trust	1,261	1,261	0
United Technologies	1,248	1,248	0
Pacific Telesis	1,232	1,232	0
J.C. Penney	1,226	1,226	0
Deere	1,205	1,205	0
Westinghouse Electric	1,190	645	545
U S WEST	1,186	1,186	0
Ohio School Employees	1,169	1,169	0
Illinois Municipal	1,161	698	463
Philip Morris	1,153	1,153	0
Illinois Teachers	1,101	780	321
Nevada Employees	1,101	1,101	0
Utah State	1,000	1,000	0
State of Michigan	977	977	0
Los Angeles City	965	550	415
Commonwealth Edison	963	963	0
Tenneco	941	670	271
Raytheon	886	886	0
GTE	882	882	0
Maine State	878	600	278
Pacific Gas & Electric	826	826	0
Tennessee Valley Authority	789	789	0
Texas Employees	775	775	0
Chevron	728	447	281
Kentucky Teachers	711	220	491
Los Angeles Fire & Police	701	701	0
Sears, Roebuck	695	695	0
World Bank	690	690	0
Nat'l Electrical Contractor	679	679	0
Prudential Insurance	639	483	156
New Mexico Employees	635	635	0
San Francisco City & County	618	618	0
Mass. Teachers/Employees	610	610	0
S. New England Telephone	598	385	213
Kansas Employees	541	241	300
Georgia Teachers	540	540	0
Georgia-Pacific	526	384	142
Idaho Employees	526	328	198
Travelers	525	455	70
Alaska State	508	508	0
Presbyterian Church	434	434	0
Kaiser Permanente	415	415	0
PPG Industries	411	411	0
Ohio Police & Fire	407	407	0
Amoco	400	400	0
Honeywell	374	374	0
Minnesota Mining & Mfg.	373	314	59
Anheuser-Busch	342	294	48
TRW	339	262	77
Aluminum Co. of America	338	312	26
Unisys	329	329	0
United Parcel Service	323	323	0
FPL Group	309	127	182
GenCorp	296	296	0
Caterpillar	291	291	0
S. California UFCW	287	287	0
Alabama Retirement	266	266	0
Cooper Industries	265	265	0
CIGNA	242	206	36
Citibank	239	239	0
United Airlines	235	235	0
Bakery & Confectionery	219	133	86
Boeing	200	200	0
Eli Lilly	193	193	0
United Methodists	181	156	25
Delta Air Lines	179	179	0
Monsanto	160	160	0
Southern Co.	156	156	0
General Dynamics	155	155	0
New York Life	155	102	53
K mart	144	144	0
Nat'l Rural Electric Co-op	131	0	131
Boilermakers-Blacksmiths	114	114	0
Hawaii State	109	109	0
Missouri State	109	109	0
American Electric Power	103	103	0
Phillips Petroleum	102	102	0
Johnson & Johnson	100	100	0
BankAmerica	92	92	0
Xerox	81	81	0
Procter & Gamble	80	42	38
Motorola	70	70	0
Inland Steel	58	58	0
Owens-Illinois	52	52	0
Aetna Life	51	51	0
S. California Edison	50	50	0
Mobil Oil	5	5	0
Southern Baptist Convention	5	5	0
Total	**277,046**	**200,038**	**77,008**

457	50
Employer DB contributions	99
Benefit payments	104
Employer DC contributions	0
Internally managed assets	
Total DB	110
Defined benefit asset mix	
Stocks	39.5%
Fixed income	58.9%
Cash equivalents	1.3%
Real estate equity	0.2%
Mortgages	0.1%
Defined contribution asset mix	
Other stock	10%
Fixed income	10%
GICs/BICs	80%

SANTA FE, N.M. — As of Sept. 30, the New Mexico Public Employees' Retirement Association's total employee benefit assets increased 28.3% from a year earlier. Defined benefit assets increased 25.6% during the same period.

Equity managers: Bankers Trust; Smith Barney.

Fixed-income managers: Brown Brothers Harriman; Criterion; and Wentworth Hauser & Violich.

The master custodian is Bankers Trust; the investment consultant is Wilshire.

Key personnel overseeing the investment management of the fund are Vern H. Curtis, director of investments, and Carlos Gallegos, executive secretary.

New York City Retirement Systems

	($ millions)
Total assets	48,876
Defined benefit	48,876
Employer DB contributions	1,848
Benefit payments	3,750
Internally managed assets	1,121
Defined benefit asset mix	
Stocks	53%
Fixed income	42%
Cash equivalents	2%
GICs/BICs	3%

NEW YORK — As of Sept. 30, New York City Retirement Systems' total employee benefit assets increased 19.9% from a year earlier. All assets are defined benefit.

The New York City comptroller's office oversees all investments for the New York City Employees', the Fire Department and the Police Department Retirement systems; and fixed-income investments for the Teachers' and the Board of Education systems. The Teachers' system oversees its GIC and equity investments and the equity investments of the Board of Education system.

The total and defined benefit asset figures are for the combined funds. All other figures are for the funds controlled by the comptroller's office only.

Equity managers: Domestic — Amerindo; Bankers Trust; Bear Stearns; Fidelity Management; Investment Advisors; Lazard Freres; Montgomery; Oppenheimer; J&W Seligman; TCW; and Zevenbergen.

International — Capital Guardian; Clay Finlay; Clemente; Schroder; and Scudder, Stevens & Clark.

Fixed-income managers: Domestic — Bankers Trust; BEA; Bear Stearns; Executive Investment; Fiduciary Management; Fischer, Francis Trees & Watts; Investment Advisers; Kennedy Associates; WR Lazard; Lehman Ark; Lincoln Capital; Mellon Bond; Miller Anderson & Sherrerd; Mitchell Hutchins; NCM Capital; PIMCO; T. Rowe Price; Putnam; RCM Capital; Smith Barney; State Street; Taplin, Canida & Habacht; Weiss, Peck & Greer; and Wells Fargo.

International — T. Rowe Price.

The following firms are employed by the Teachers' Variable Fund:

Equity managers: Domestic — Axe-Core Investors; Bankers Trust; Beal; Fidelity; Goldman Sachs; John Levin; Mellon; PanAgora; Prudential; Roll & Ross; Rosenberg Institutional; Sound Shore; Sturdivant; and Wells Fargo Nikko.

The master trustees are Citibank and Bank of New York. The investment consultants are Callan; SEI; EAI; Buck; and Rogers Casey.

Key personnel overseeing the investment management of the fund are William Paolino, bureau chief; Candace Cox, director-investment strategy; and Patrick Kiernan, deputy director of fiscal.

New York Life Insurance Co.

	($ millions)
Total assets*	1,972
Defined benefit	1,678
Total defined contribution	294
Employer DB contributions	14
Benefit payments	61
Employer DC contributions	7

*P&I estimate

Internally managed assets	
Total DB	970
Total DC	294
Defined benefit asset mix	
Stocks	24.7%
Fixed income	73.5%
Real estate equity	1.8%
Defined contribution asset mix	
Other stock	14.2%
Fixed income	69.5%
GICs/BICs	11.1%
Cash equivalents	5%
Other	0.2%

NEW YORK — As of Sept. 30, *Pensions & Investments* estimates New York Life Insurance Co.'s total employee benefit assets increased 17.8% from a year earlier. Defined benefit assets increased an estimated 16.3% during the same period; defined contribution assets increased an estimated 27.3%.

Equity managers: Domestic — MacKay-Shields and Monitor Capital.

International — Gamma Advisors and MacKay-Shields.

Fixed-income managers: MacKay-Shields and Monitor Capital.

Top 200 funds with assets in private placements

Defined benefit

Fund	($ millions)
Wisconsin State	2,596
AT&T	1,817
General Electric	1,584
Alabama Retirement	1,017
New York State Teachers	520
State of Michigan	464
Colorado Employees	305
GTE	248
Prudential Insurance	200
North Carolina	198
Boilermakers-Blacksmiths	176
Episcopal Church	153
Arkansas Teachers	126
Honeywell	116
USX	100
New Jersey	90
Pacific Gas & Electric	90
Missouri Public Schools	88
Pennsylvania Public Schools	77
Union Carbide	77
Atlantic Richfield	62
Ford Motor	50
Maine State	47
San Francisco City & County	47
Travelers	46
Los Angeles County	40
Unisys	40
General Dynamics	38
Kentucky Retirement	33
International Paper	31
S. New England Telephone	29
Tenneco	29
Anheuser-Busch	28
Minnesota Mining & Mfg.	27
Du Pont	20
Los Angeles Water & Power	19
Xerox	19
Virginia	17
American Airlines	12
Georgia-Pacific	10
Eli Lilly	8
Phillips Petroleum	5
Missouri State	3
Pennsylvania State	3
Commonwealth Edison	1
Total	**10,706**

Defined contribution

Fund	($ millions)
TIAA-CREF	12,130
Xerox	3
Total	**12,133**

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Real estate managers: Greystone.

Key personnel overseeing the investment management of the fund are Lester L. Schoenberg, Paul T. Smith and George J. Trapp, all senior vice presidents.

New York State and Local Retirement Systems

	($ millions)
Total assets	50,081
Defined benefit	50,081
Employer DB contributions	0
Benefit payments	1,834
Internally managed assets	38,271
Defined benefit asset mix:	
Stocks	50.4%
Fixed income	37.8%
Cash equivalents	2.2%
Real estate equity	2.2%
Mortgages	5.2%
Business investments	2.2%

ALBANY, N.Y. — As of Sept. 30, the New York State and Local Retirement Systems' total employee benefit assets increased 14.5% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Alliance; Capital Guardian; Chicago Corp.; Delaware; First Wisconsin; GEO; Lazard; Lord Abbett; Miller Anderson Sherrerd; Montgomery Asset; Oppenheimer; Pilgrim Baxter; Provident Investment; Seligman; Shearson; Sit; and Wells Fargo Nikko.

International — Alliance; Brinson; Capital Guardian; and Schroder.

Real estate managers: CIGNA; Copley; CPI; ERIM/Select; Goldman Sachs; JMB; LaSalle; O'Connor; RREEF; Schroder; and TCW.

Limited partnerships: Adler & Shaykin; Advent; APA; Bridge Capital; Corporate Ventures; Crossroads Capital; Equitable; Forstmann Little; FS Equity; Gray Klein; Health Care Ventures; Hellman & Friedman; JLL; Kelso; KKR; Montgomery Bridge; NYS Business Venture; Peregrine Ventures; US Venture Partners; and Warburg Pincus.

The master and global custodian is Chase; the investment consultant is Callan.

Key personnel overseeing the investment management of the fund are Edward V. Regan, state comptroller, and John E. Hull, deputy comptroller-investment.

New York State Teachers' Retirement System

	($ millions)
Total assets	32,514
Defined benefit	32,514
Employer DB contributions	466
Benefit payments	998
Internally managed assets:	
Total DB	29,619
Defined benefit asset mix:	
Stocks	58.2%
Fixed income	30.9%
Cash equivalents	2.1%
Real estate equity	2.6%
Mortgages	5.9%
Other	0.3%

ALBANY, N.Y.— As of Sept. 30, the New York State Teachers' Retirement System's total employee benefit assets increased 21.8% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Sanford C. Bernstein; Cowen; Lehman Ark; Morgan Grenfell; Peregrine Capital; and RCM Capital.

International — Bankers Trust; Baring International; Brinson; Schroder.

Fixed-income managers: — Sanford C. Bernstein.

Real estate managers: Equitable; Jones Lang Wootton; LaSalle; Lehndorff & Babson; and J.W. O'Connor.

The master custodian is Bankers Trust.

Key personnel overseeing the investment management of the fund are Harold N. Langlitz, executive director; Edward J. Reno Jr., securities investment officer; and George M. Philip, chief real estate investment officer.

North Carolina Retirement System

	($ millions)
Total assets	22,261
Defined benefit	21,689
Total defined contribution	572
401(k)	362
457	210
Employer DB contribution	635
Benefit payments	744
Employer DC contributions	34
Internally managed assets:	
Total DB	14,051
Hedging devices used:	
Stock options	
Defined benefit asset mix:	
Stocks	31.8%
Fixed income	65.9%
Cash equivalents	1.3%
Real estate equity	0.9%
Venture capital	0.1%
Defined contribution asset mix:	
Stock	44%
GICs/BICs	40%
Cash equivalents	16%

RALEIGH, N.C. — As of Sept. 30, the North Carolina Retirement System's total employee benefit assets increased 28.8% from a year earlier. Defined benefit assets increased 25.4% during the same period. The defined contribution plans are newly listed here.

Equity managers: Domestic — Alliance; Branch Bank; Central Carolina Bank; First Citizens Bank; First Union National; Franklin Street; NCNB; Wachovia; Wellington.

International -- Alliance; Wellington.

Real estate managers: Aetna; CIGNA; Goldman Sachs; J.P. Morgan; NCNB; Sentinel; Wachovia.

Other managers: Carolinas Capital; John Hancock; InterSouth Partners; Kitty Hawk; Massey Burch; N.C. Enterprises; Sprout; Venture First.

The master custodian is The Bank of New York.

Key personnel overseeing the investment management of the fund are Harlan E. Boyles, state treasurer; C. Douglas Chappell, deputy treasurer and director, investment and banking division; and P. Keith Leonard, deputy director, investment and banking division.

Northrop Corp.

	($ millions)
Total assets	4,169
Defined benefit	3,246
Total defined contribution	923
Thrift/savings	744
ESOP	179
Employer DB contributions	1
Benefit payments	82
Employer DC contributions	44
Defined benefit asset mix:	
Stocks	73%
Fixed income	27%
Defined contribution asset mix:	
Company stock	20%
Other stock	42.5%
Fixed income	11.9%
Cash equivalents	25.6%

LOS ANGELES — As of Sept. 30, Northrop Corp.'s total employee benefit assets increased 26.2% from a year earlier. Defined benefit assets increased 26.5% during the same period; defined contribution assets increased 25.1%.

Equity managers: Domestic — Capital Guardian; Forstmann-Leff; Jennison; Putnam; RCM; State Street; and U.S. Trust, California.

Fixed-income managers: Domestic — Fischer, Francis, Trees & Watts and Jennison.

The master trustee is Bankers Trust.

Key personnel overseeing the investment management of the fund are John Rettberg, vice president and treasurer; Rose Mary Abelson, director-trust administration and investment; and Linda Nakaki, manager-pension accounting.

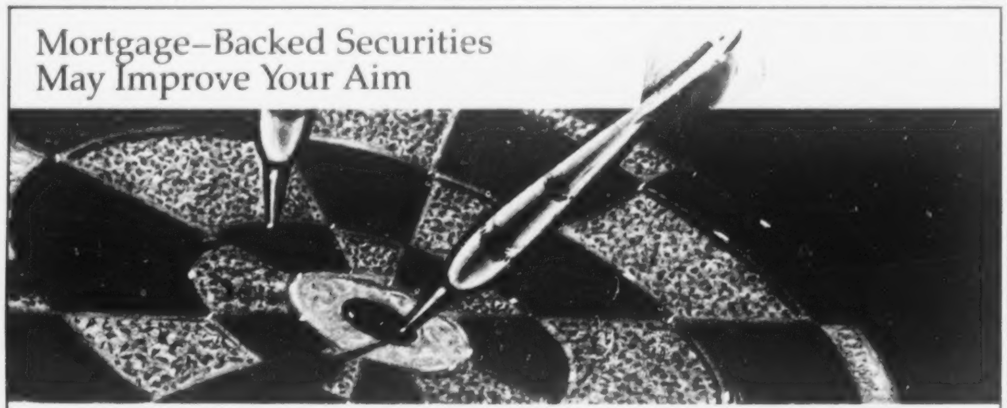
NYNEX Corp.

	($ millions)
Total assets	16,740
Defined benefit	13,758
Total defined contribution	2,982
401(k)/thrift/savings	2,952
LESOP	30
Employer DB contributions	0
Internally managed assets:	
Total DB	1,894
Defined benefit asset mix:	
Stocks	56.7%
Fixed income	32.3%
Cash equivalents	0.8%
Real estate equity	8.6%

Top 200 funds with assets in LBOs*

Fund	($ millions)
Washington State Board	1,604
New York State & Local	927
TIAA-CREF	827
Oregon Employes	769
Wisconsin State	638
State of Michigan	622
Iowa Employees	531
AT&T	376
GTE	194
United Technologies	189
Illinois State	154
Utah State	100
Colorado Employees	94
ITT	87
Minnesota Mining & Mfg.	82
Delta Air Lines	80
Du Pont	80
Georgia-Pacific	63
World Bank	58
Aluminum Co. of America	33
Phillips Petroleum	29
Unisys	28
Pennsylvania State	24
Montana Board	22
Virginia	21
Hewlett Packard	20
Grumman	19
BankAmerica	17
American Airlines	9
Eli Lilly	2
Total	**7,699**

*All assets are defined benefit except for TIAA-CREF's figure, which is all defined contribution assets, and Hewlett Packard's figure, which includes $15 million in defined contribution assets.



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Some Plain Talk About Defined Contribution Plans

RESPONSIBILITY

Selecting a provider for your company's 401(k) plan is a complex undertaking with far-reaching and long-lasting consequences. You bear a great responsibility to choose well. So when you select a company, or review your present providers, you will want to focus on the factors that really matter–the fundamental issues.

Employees Your first responsibility is to your company's employees because it's their financial security which is at stake. Since participants make their own investment decisions, you must ensure that all–the experienced and the novice alike–are provided with adequate education about the fundamentals of long-term investing. Employees should also be given convenient and timely access to information and the ability to change their investment line-up easily and quickly when necessary.

Your responsibility doesn't end when employees' initial selections have been made. Adequate information must also be provided as they transition through an employment career and on into retirement. The company you select should always be there for them.

Performance Of course, you want good performance. But in addition, your larger responsibility is to provide a broad, well-defined selection of investment options which provide dependable results over the long term. Your investment options–from conservative to aggressive–should be managed for specific objectives with each following a tightly prescribed and understandable investment strategy.

Partnership You strive for excellence in your own company. You should expect no less a commitment from a partner. Your administrative partner should have a deep line-up of well-trained people who will be ready to serve your needs, not only in the basics of timeliness and accuracy, but in responding to special requests. Your company is continually changing. Your partner should be flexible enough to grow and change with you.

Value You are willing to pay for quality, which does not mean excessive fees, but fair remuneration for value received. There should be no hidden assessments, no charges later on when you discover that your contract fees cover only minimum service levels. You should require full disclosure. And the same recognition of value should be present in the costs incurred by your participants for investment management and fund administration.

THE Vanguard GROUP
OF INVESTMENT COMPANIES

Directed investments	1.6%
Defined contribution asset mix:	
Company stock	32.2%
Other stock	23.6%
Fixed income	8.8%
GICs/BICs	33.3%
Loans	2.1%

NEW YORK — As of Sept. 30, NYNEX Corp.'s total employee benefit assets increased 16.4% from a year earlier. Defined benefit assets increased 15.7% during the same period; defined contribution assets increased 19.4%.

Equity managers: Domestic — American National; Barrow Hanley Mewhinney & Strauss; Daniel Breen; DFA; Fidelity Management; Franklin; Investment Research; McCowan; Mitchell Hutchins; TCW; Trinity; and Wells Fargo Nikko.

International — American National; Capital Guardian; DFA; Morgan Stanley; Pictet International; State Street Bank; and Wells Fargo Nikko.

Fixed-income managers: Domestic — Boston Co.; Brown Brothers Harriman; Global Fixed Income; John Hancock; Jennison; Lincoln Capital; Mellon Bond; Miller, Anderson & Sherrerd; Mitchell Hutchins; Standish Ayer & Wood; State Street Research; and Western Asset.

International — Global Fixed Income and WorldInvest.

Real estate managers: AEW; CPI; Heitman; Mellon-McMahan; and TREET.

The master trustee and global custodian is Mellon Bank.

Key personnel overseeing the investment management of the fund are Jeffrey Rubin, vice president-finance and treasurer; William Heitmann, corporate director-finance; and Joseph Clines, director-investment management.

O

The Police and Firemen's Disability and Pension Fund of Ohio

	($ millions)
Total assets	3,717
Defined benefit	3,717
Employer DB contributions	171
Benefit payments	281
Internally managed assets	2,244
Defined benefit asset mix:	
Stocks	33%
Fixed income	53.8%
Cash equivalents	6.5%
Real estate equity	6%
Mortgages	0.3%
Venture capital	0.4%

COLUMBUS, Ohio — As of Sept. 30, The Police and Firemen's Disability and Pension Fund of Ohio's total employee benefit assets increased 19.9% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Atalanta/Sosnoff; Axe Core; Bankers Trust; Duff & Phelps; Loomis, Sayles; Oppenheimer; Society Bank; Value Line.

Real estate managers: Copley; MIG; Schroder; Sentinel; T.A. Associates.

Other managers: Cardinal Financial; Chemicals and Materials Enterprise; Primus Venture.

The master trustee is the state treasurer; the real estate investment consultant is The Townsend Group.

Key personnel overseeing the investment management of the fund are Theodore G. Hall, assistant director-investments; Christopher J. Woods, fixed-income portfolio manager; and Lourdes S. Canlas, real estate manager.

Ohio Public Employees Retirement System

	($ millions)
Total assets	24,272
Defined benefit	24,272
Employer DB contributions	858
Benefit payments	984
Internally managed assets	23,267
Defined benefit asset mix:	
Stocks	20.5%
Fixed income	60.2%
Cash equivalents	15.2%
Real estate equity	4.1%

COLUMBUS, Ohio — As of Sept. 30, the Ohio Public Employees Retirement System's employee benefit assets — all defined benefit — increased 17.9%.

Real estate managers: AFL-CIO; Bristol Group; Lowe Enterprises; NCNB; Rothschild; Sentinel.

The master trustee is the state treasurer.

The key person overseeing the investment management of the fund is Robert A. McLaughlin, investment officer.

School Employees Retirement System of Ohio

	($ millions)
Total assets	3,371
Defined benefit	3,371
Employer DB contributions	199
Benefit payments	290
Internally managed assets	1,896
Defined benefit asset mix:	
Stocks	43%
Fixed income	22.9%
Cash equivalents	2.8%
Real estate equity	9.4%
Mortgages	0.8%
Mortgage-backed securities	20.4%
Venture capital	0.7%

COLUMBUS, Ohio — As of Sept. 30, the School Employees Retirement System of Ohio's total employee benefit assets increased 19.4% from a year earlier. All assets are defined benefit.

Equity manager: Domestic — Mellon Capital.

Real estate managers: Equitable; Lehndorff & Babson; J.P. Morgan; NCNB; Prudential.

Venture capital managers: Cardinal Capital; Morgenthaler Venture; Primus Venture.

The master custodian is Ameritrust; the investment consultants are Ronald A. Karp and Institutional Property Consultants.

Key personnel overseeing the investment management of the fund are Paul M. Kubinsky, director of investments; Robert G. Cowman, assistant director of investments; and Thomas R. Anderson, executive director.

The State Teachers Retirement System of Ohio

	($ millions)
Total assets	20,200
Defined benefit	20,200
Employer DB contributions	793
Benefit payments	1,100
Internally managed assets	20,200
Defined benefit asset mix:	
Stocks	34.5%
Fixed income	45.8%
Cash equivalents	4.2%
Real estate equity	9.3%
Mortgages	6%
Venture capital	0.2%

COLUMBUS, Ohio — As of Sept. 30, the State Teachers Retirement System of Ohio's total employee benefit assets increased 11% from a year earlier. All assets are defined benefit.

The master custodians are the state treasurer and Bank One Trust; the investment consultants are Wellington Management and Frank Russell.

Key personnel overseeing the investment management of the fund are C. James Grothaus, executive director; Stephen A. Mitchell, deputy executive director-investments; and Daniel M. Szente, assistant director-investments.

Oklahoma Public Employees' Retirement System

	($ millions)
Total assets*	1,961
Defined benefit	1,961

**P&I estimate*

November 1991

Alderwood Mall Associates

an affiliate of

DeBartolo

has sold its interest in

Alderwood Mall

a 962,037 square foot regional mall located in

Lynnwood, Washington
to an institutional investor

The undersigned arranged this transaction in its capacity as exclusive financial advisor to Alderwood Mall Associates.

Chemical Real Estate Finance Group

CHEMICAL

OKLAHOMA CITY — As of Sept. 30, *Pensions & Investments* estimates the Oklahoma Public Employees' Retirement System's total employee benefit assets increased 48.8% from the $1.318 billion the Money Market Directory reported for the system as of May 1990. All assets are defined benefit.

Key personnel overseeing the investment management of the fund are Rex Privett, executive director, and Harold B. Sinclair, deputy director.

Teachers' Retirement System of Oklahoma

	($ millions)
Total assets	2,348
Defined benefit	2,200
Total defined contribution	148
Internally managed assets	
Total DB	190
Defined benefit asset mix	
Stocks	56.4%
Fixed income	31.3%
Cash equivalents	7.9%
GICs/BICs	4.4%

OKLAHOMA CITY — As of Sept. 30, the Teachers' Retirement System of Oklahoma's total employee benefit assets increased 12% from a year earlier. Defined benefit assets increased 12.4% in the same period; defined contribution assets — in a 403(b) plan — increased 5.7%.

Equity managers: Domestic — Chicago Corp.; Eagle Asset; Hotchkis & Wiley; Tom Johnson; Mitchell Hutchins.

Fixed-income managers: Domestic — Investment Advisors; Liberty National Bank; Mellon Bond; Neuberger & Berman.

The master custodian is Bankers Trust; the investment consultant is Mercer.

Key personnel overseeing the investment management of the fund are Randall L. Kopsa, secretary-treasurer; Jo Witt, financial operations manager; and Steve Hull, chairman-board of trustees.

Central Pension Fund of the International Union of Operating Engineers and Participating Employers

	($ millions)
Total assets	2,570
Defined benefit	2,570
Employer DB contributions	127
Benefit payments	103
Hedging devices used	
Bond options	
Fixed-income futures	
Defined benefit asset mix	
Stocks	30.8%
Fixed income	40.7%
Cash equivalents	15.2%
Real estate equity	5.5%
GICs/BICs	2.3%
Mortgages	5.5%

WASHINGTON — As of Sept. 30, the Central Pension Fund of the International Union of Operating Engineers and Participating Employers' total employee benefit assets increased 21.6% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Sanford Bernstein; Concord Capital; GAMCO; Husic; Shearson; Southeastern; and Wells Fargo Nikko.

Fixed-income managers: Domestic — Duff & Phelps; Loomis Sayles; STW; Western Asset; and Wells Fargo Nikko.

Real estate managers: AFL-CIO; AEW; and ULLICO.

The master trustee is State Street Bank; the investment consultant is Ennis, Knupp.

Key personnel overseeing the investment management of the fund are Jack E. Johnson, director of finance, and Robert A. Birch, assistant director of finance.

Oregon Public Employes Retirement System

	($ millions)
Total assets*	12,536
Defined benefit	12,536
Employer DB contributions	412
Benefit payments	410
as of June 30, 1991	
Internally managed assets	3,820
Hedging devices used	
Stock options	
Stock index futures	
Short selling	
Defined benefit asset mix	
Stocks	60.5%
Fixed income	21.5%
Real estate equity	5.5%
Mortgages	5.4%
Other	7.1%

SALEM, Ore. — As of June 30, the Oregon Public Employes Retirement System's total employee benefit assets increased 26.6% from Sept. 30, 1990. All assets are defined benefit.

Equity managers: Domestic — Batterymarch; BEA; Columbia Management; Cutler; Franklin Asset; Froley, Revy; General American; Harris; Hotchkis & Wiley; Pinnacle; Quest Advisory; RCM; Sarofim; Thompson/Rubenstein; and Wentworth Hauser.

International — Clay-Finlay; Cursitor-Eaton; Daiwa; Matuschka; Nomura; Philippe; and Rowe Price-Fleming.

Real estate manager: Alex. Brown.

LBO manager: KKR.

The master custodian is First Interstate of Oregon; the global custodian is Morgan Stanley; the investment consultants are Frank Russell and Wilshire.

Key personnel overseeing the investment management of the fund are James C. George, investment manager, and John B. Fewel Jr., equity investment officer.

Owens-Illinois Inc.

	($ millions)
Total assets	2,650
Defined benefit	2,305
401(k)	345
Employer DB contributions	4
Benefit payments	159
Employer DC contributions	5
Internally managed assets	
Total DB	135
Total DC	36
Hedging devices used	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	73%
Fixed income	14%
Cash equivalents	5%
Real estate equity	5%
Mortgages	3%
Defined contribution asset mix	
Other stock	26%
Fixed income	3%
GICs/BICs	59%
Cash equivalents	9%
Loan fund	3%

TOLEDO, Ohio — As of Sept. 30, Owens-Illinois Inc.'s total employee benefit assets increased 14% from a year earlier. Defined benefit assets increased 14% during the same period; defined contribution assets increased 13.1%.

The master trustees are Bankers Trust for the defined benefit plan and State Street Bank for the defined contribution plan.

Key personnel overseeing the investment management of the fund are Ronald C. Boller, director-benefit and risk finance; Constance L. Souders, manager-employee benefit plan assets; and Lee A. Wesselmann, senior vice president-finance and chief financial officer.

P

Pacific Gas & Electric Co.

	($ millions)
Total assets	5,600
Defined benefit	3,532
401(k)	2,068
Employer DB contributions	91
Benefit payments	130
Employer DC contributions	32
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
U.S. stocks	59%
Non-U.S. stocks	13%
Fixed income	19%
Cash equivalents	1%
Real estate equity	8%
Defined contribution asset mix	
Company stock	90%
Other stock	7%
Fixed income	1%
GICs/BICs	2%

SAN FRANCISCO — As of Sept. 30, Pacific Gas & Electric Co.'s total employee benefit assets increased 34.2% from a year earlier. Defined benefit assets increased 26.3% during the same period; defined contribution assets increased 50.4%.

Equity managers: Domestic — Bankers Trust; Barrow Hanley Mewhinney & Strauss; Beal; Dodge & Cox; Geewax Terker; Jundt; Metropolitan Life; Miller, Anderson & Sherrerd; NCM; RCM Capital; Sturdivant; Valenzuela; and Wells Fargo Nikko.

International — Arnhold & S. Bleichroeder; Bankers Trust; Capital Guardian; Oechsle; and Wells Fargo Nikko.

Fixed-income managers: Domestic — Sanford Bernstein; Fischer Francis Trees & Watts; and Miller Anderson & Sherrerd.

Real estate managers: CPI; JMB; LaSalle; Prudential; RREEF; and TCW.

Private placement manager: Prudential.

The master trustee and global custodian is State Street Bank; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Sunny Oberoi, director-investments and benefit finance; and Jim Failor, senior financial analyst.

Pacific Telesis Group

	($ millions)
Total assets	12,594
Defined benefit	10,646
Total defined contribution	1,948
401(k)	1,849
LESOP	99
Employer DB contributions	0
Benefit payments	423
Employer DC contributions	30
Internally managed assets	
Total DB	272
Total DC	1,697
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	65.8%
Fixed income	23.7%
Cash equivalents	1.4%
Real estate equity	8.1%
Venture capital	1%
Defined contribution asset mix	
Company stock	44.4%
Other stock	23.4%
Fixed income	6.7%
GICs/BICs	25.5%

SAN FRANCISCO — As of Sept. 30, Pacific Telesis Group's total employee benefit assets increased 15.6% from a year earlier. Defined benefit assets increased 16.7% during the same period; defined contribution assets increased 9.9%.

Equity managers: Domestic — Delphi; Dodge & Cox; IDS; Jundt; Mellon; Morgan Grenfell; RCM; Sit; United Capital; Wellington; and Westridge.

International — Acadian; Capital Guardian; DFA; HD International; Morgan Grenfell; Nomura; Oechsle; Rowe Price-Fleming; Walter Scott; Sit/Kim; State Street; Wells Fargo; and Yamaichi.

Fixed-income managers: Domestic — Dodge & Cox; Fischer Francis; Hoisington; W.R. Huff; PIMCO; Standish Ayer; TCW; and Weiss Peck.

Real estate managers: Copley; JMB; La Salle; TCW; and Yarmouth.

Venture capital manager: Warburg Pincus.

The master trustee is Northern Trust; the global custodian is Bank of America; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are

Top 200 funds with assets in GICs/BICs

($ millions)

Fund	Total	Defined benefit	Defined contribution
AT&T	3,200	0	3,200
Boeing	3,108	0	3,108
Pacific Telesis	2,577	2,092	485
Westinghouse Electric	2,299	0	2,299
General Dynamics	1,814	189	1,625
Prudential Insurance	1,771	218	1,553
Southern Baptist Convention	1,427	74	1,353
ICMA Retirement	1,421	0	1,421
New York City	1,400	1,400	0
General Electric	1,262	264	998
Unisys	1,250	170	1,080
Philip Morris	1,175	0	1,175
Metropolitan Life	1,008	0	1,008
Ford Motor	1,000	0	1,000
GTE	969	0	969
Xerox	926	181	745
NYNEX	911	0	911
Mobil Oil	895	0	895
Procter & Gamble	884	0	884
J.C. Penney	866	0	866
Aetna Life	810	0	810
Halliburton	774	0	774
Raytheon	771	0	771
Bell Atlantic	767	0	767
Monsanto	690	0	690
CIGNA	689	0	689
Travelers	669	603	66
Delta Air Lines	587	0	587
United Parcel Service	566	97	469
Grumman	561	0	561
ITT	555	0	555
Aluminum Co. of America	530	0	530
Colorado Employees	495	495	0
Cooper Industries	485	0	485
Union Carbide	483	0	483
Minnesota Mining & Mfg.	469	0	469
Kaiser Permanente	466	0	466
PPG Industries	466	0	466
Southwestern Bell	464	0	464
Eli Lilly	461	36	425
K mart	453	0	453
Johnson & Johnson	450	0	450
TRW	434	0	434
Georgia-Pacific	423	0	423
Phillips Petroleum	408	0	408
Chrysler	391	0	391
Inland Steel	355	0	355
American Electric Power	341	0	341
U S WEST	326	0	326
Martin Marietta	304	0	304
Honeywell	300	2	298
Trans World Airlines	296	37	259
Hospital/Healthcare	295	295	0
Deere	280	0	280
S. California UFCW	253	253	0
American Airlines	250	0	250
Caterpillar	243	0	243
United Methodists	241	108	133
FPL Group	220	0	220
S. New England Telephone	204	0	204
Owens-Illinois	203	0	203
GenCorp	199	0	199
Tennessee Valley Authority	196	20	176
Abbott Labs	162	0	162
Nat'l Electrical Contractor	161	128	33
USX	160	0	160
North Carolina	145	0	145
BankAmerica	122	0	122
Presbyterian Church	105	105	0
Oklahoma Teachers	96	96	0
Western Teamsters	72	72	0
University of California	69	0	69
Minnesota State	66	0	66
Nat'l Rural Electric Co-op	65	0	65
Navistar	61	32	29
International Paper	60	60	0
Operating Engineers	59	59	0
S. California Edison	54	0	54
Pacific Gas & Electric	45	0	45
Anheuser-Busch	41	0	41
New Mexico Employees	40	0	40
New York Life	34	0	34
Missouri Public Schools	29	29	0
Atlantic Richfield	21	21	0
Hawaii	19	19	0
Boilermakers-Blacksmiths	13	13	0
Missouri State	12	12	0
UMWA	8	0	8
Bechtel Power	7	0	7
Illinois Universities	3	3	0
Honeywell	2	2	0
Total	**50,717**	**7,185**	**43,532**

E.D. Taylor, executive director-investment management, and R.P. McGahan, director-pension fund.

J.C. Penney Co. Inc.

	($ millions)
Total assets	4,056
Defined benefit	1,468
Total defined contribution	2,588
Profit-sharing	997
Thrift/savings	1,591
Employer DB contributions	0
Benefit payments	36
Employer DC contributions	0
Defined benefit asset mix	
Stocks	68.6%
Fixed income	22.6%
Cash equivalents	2.3%
Real estate equity	6.5%
Defined contribution asset mix	
Company stock	67%
GICs/BICs	33%

DALLAS — As of Sept. 30, J.C. Penney Co.'s total employee benefit assets increased 36.8% from a year earlier. Defined benefit assets increased 20.1% during the same period; defined contribution assets increased 48.6%.

Equity managers: Domestic — Batterymarch; GeoCapital; Lieber; Miller Anderson; RCM.

International — Grantham, Mayo and H.D. International.

Real estate managers: RREEF and TCW.

The master trustee and global custodian is State Street Bank; the investment consultant is Russell.

Key personnel overseeing the investment management of the fund are Philip Halpern, managing director-benefit investments, and Mary Jane Akerman, portfolio manager.

Pennsylvania Public School Employes' Retirement System

	($ millions)
Total assets	19,300
Defined benefit	19,300
Internally managed assets	
Total DB	3,000
Defined benefit asset mix	
Stocks	45.1%
Fixed income	49.7%
Cash equivalents	0.3%
Real estate equity	2.8%
Mortgages	1.3%
Other	0.8%

HARRISBURG, Pa. — As of Sept. 30, the Pennsylvania Public School Employes' Retirement System's total employee benefit assets increased 11.8% from Aug. 31 of the previous year. All assets are defined benefit.

The master custodian is PNC; the global custodian is State Street Bank; the investment management consultant is Evaluation Associates.

The key person overseeing the investment management of the fund is John C. Lane, chief investment officer.

Pennsylvania State Employes' Retirement System

	($ millions)
Total assets*	11,131
Defined benefit	11,131
Employer DB contributions	419
Benefit payments	600
*as of Aug. 31, 1991	
Defined benefit asset mix	
Stocks	48%
Fixed income	28%
Cash equivalents	8%
Real estate equity	8%
Mortgages	7%
Venture capital	1%

HARRISBURG, Pa. — As of Aug. 31, the Pennsylvania State Employes' Retirement System's total employee benefit assets increased 17.4% from a year earlier. All of the assets are definod benefit.

Equity managers: Domestic — Barrow, Hanley, Mewhinney & Strauss; Geewax, Terker; McGlinn; Mellon Capital; Mellcn Equity; Miller, Anderson & Sherrerd; Pilgrim, Baxter, Greig; Provident Investment: SunBank Capital; Trinity; Wells Fargo Nikko.

International — Miller, Anderson & Sherrerd; Morgan Grenfell; Scudder, Stevens & Clark.

Fixed-income managers: Domestic — Delaware; W.R. Huff; Latimer & Buck Financial; Mellon Bond; TCW.

International — Miller, Anderson & Sherrerd.

Real estate managers: Aetna; Alex. Brown Kleinwort Benson; Copley; Corporate Property Investors; John Hancock; Heitman; JMB; Metric; Prudential; PSI; Sentinel.

Tactical asset allocation manager: Wells Fargo Nikko.

Private placement manager: CIGNA.

Alternative investments managers: Brentwood; Code, Hennessy & Simmons; Maverick; Murphy & Fauver; MMG Patricof; RR&Z Capital; Schroder Venture.

Venture capital managers: APA/Fostin; CEO; Fostin Capital; Genesis Seed Fund; Grotech; Keystone; NEPA; Pittsburgh Seed Fund; PNC; Point Venture; TDH; Zero State.

Cash manager: Payden & Rygel.

The master custodian is the Pennsylvania Treasury; the domestic subcustodian is CoreStates; the global subcustodian is State Street; the investment consultants are Wilshire, Ronald Karp and Pathway Capital.

Key personnel overseeing the investment management of the fund are Kenneth G. Mertz II, chief investment officer; and Karen N. Nicely, assistant chief investment officer.

Philip Morris Cos. Inc.

	($ millions)
Total assets	8,698
Defined benefit	5,339
Total defined contribution	3,359
Profit-sharing	1,972
Thrift/savings	1,387
Employer DB contributions	2
Benefit payments	233
Employer DC contributions	160
Hedging devices used	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	66%
Fixed income	28%
Cash equivalents	1%
Real estate equity	2%
Annuities	3%
Defined contribution asset mix	
Company stock	42%
Other stock	19%
Fixed income	1%
GICs/BICs	35%
Other	3%

NEW YORK — As of Sept. 30, Philip Morris Cos. Inc.'s total employee benefit assets increased 24.6% from a year earlier. Defined benefit assets increased 19.5% during the same period; defined contribution assets increased 33.6%.

Equity managers: Domestic — Alliance; Ardsley; Ariel; Bernstein; Eagle; Emerging Growth Partners; First Wisconsin; Glickenhaus; Neuberger & Berman; RCM Growth; Rosenberg; Wellington.

International — Morgan Grenfell; Nomura; Schroder; WorldInvest.

Fixed-income managers: Domestic — Fischer, Francis; Loomis, Sayles; PIMCO; Reams.

Real estate managers: Heitman; JMB; NewCourt; Schroder; TCW.

Other managers: Blackstone; Consumer Venture Partners; John Hancock; NewCourt; Sprout.

The master trustee and global custodian is State Street Bank.

Key personnel overseeing the investment management of the fund are David M. Kirby, vice president, and Mary Lee Calimano, director.

Phillips Petroleum Co.

	($ millions)
Total assets	2,661
Defined benefit	488
Total defined contribution	2,173
Thrift/savings	1,232
LESOP	941
Employer DB contributions	0
Benefit payments	10
Employer DC contributions	4
Hedging devices used	
Stock options	
Bond options	

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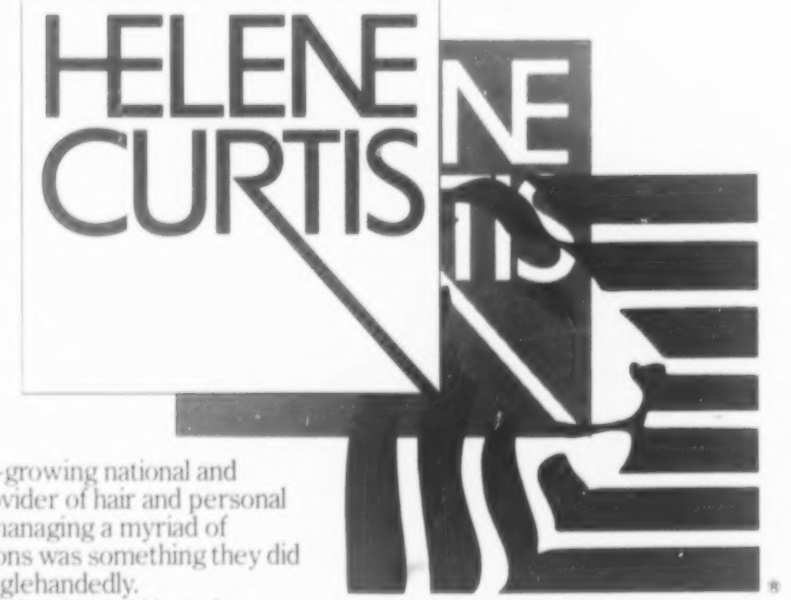

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Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	29%
Fixed income	58%
Cash equivalents	1%
Real estate equity	6%
LBOs	6%
Defined contribution asset mix:	
Company stock	59%
Fixed income	6%
GICs/BICs	33%
Cash equivalents	2%

BARTLESVILLE, Okla. — As of Sept. 30, Phillips Petroleum Co.'s total employee benefit assets increased 8.6% from a year earlier. Defined benefit assets increased 8.4% during the same period; defined contribution assets increased 8.7%.

Equity managers: Barrow Hanley; Travelers; Wells Fargo Nikko.

Fixed-income managers: — Equitable; J.P. Morgan; Palmieri; Prudential.

Real estate managers: Citibank; JMB.

Other manager: Forstmann Little.

The master trustee is Citibank.

R.W. Holsapple, manager-foreign exchange and investments, oversees investment management of the fund.

Plumbers National Headquarters

	($ millions)
Total assets*	1,881
Defined benefit	1,881

**P&I estimate*

CHEVERLY, Md. — As of Sept. 30, Plumbers National Headquarter's total employee benefit assets increased an estimated 21.7% from a year earlier. All assets are defined benefit.

The key person overseeing the investment management of the fund is Robert Nicholson, chief administrator.

PPG Industries Inc.

	($ millions)
Total assets	2,362
Defined benefit	1,017
401(k)	1,345
Employer DB contributions	0
Benefit payments	83
Employer DC contributions	39
Hedging devices used:	
Stock options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	54%
Fixed income	46%
Defined contribution asset mix:	
Company stock	61%
Other stock	3%
GICs/BICs	35%
Other	1%

PITTSBURGH — As of Sept. 30, PPG Industries Inc.'s total employee benefit assets increased 17.5% from a year earlier. Defined benefit assets increased 14% during the same period. Defined contribution assets increased 20.2%.

Equity managers: Domestic — Chancellor; Mellon Capital; Wells Fargo Nikko.

International — Morgan Stanley; Schroder.

Fixed-income managers: Domestic — Equitable; J.P. Morgan.

Cash manager: Neuberger & Berman.

The master trustee and global custodian is Mellon Bank; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Charles H. Elmer, director-benefits investment and financing, and William R. Dewalt and Ellen G. Peterson, managers.

The Board of Pensions of the Presbyterian Church (USA)

	($ millions)
Total assets	2,700
Defined benefit	2,700
Employer DB contributions	56
Benefit payments	83
Defined benefit asset mix:	
Stocks	55%
Fixed income	29%
Cash equivalents	4%
Real estate equity	8%
GICs/BICs	4%

PHILADELPHIA — As of Sept. 30, The Board of Pensions of the Presbyterian Church (USA)'s total employee benefit assets — all defined benefit assets — increased 17.4% from a year earlier.

Equity managers: Domestic — Barrow, Hanley; Capital Guardian; GeoCapital; Lazard Freres; J.P. Morgan; Morgan Grenfell; Trust Company Bank; Wells Fargo Nikko.

International — Capital Guardian; Marvin & Palmer; PCM; Templeton; Wells Fargo Nikko.

Fixed-income managers: CoreStates; Loomis, Sayles; NCM; PIMCO; Reams.

Real estate managers: CIGNA; Copley; Equitable; JMB; LaSalle; O'Connor; TCW.

The master trustee and global custodian is Mellon Bank.

The key person overseeing the investment management of the fund is Judith D. Freyer, vice president-investments and treasurer.

Procter & Gamble Co.

	($ millions)
Total assets*	7,105
Defined benefit	180
Total defined contribution	6,925
Profit-sharing	4,466
401(k)	59
ESOP	2,400
Employer DB contributions	0
Benefit payments	12
Employer DC contributions	177

**as of June 30, 1991*

Internally managed assets:	
Total DC	6,000
Hedging devices used:	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	34%
Fixed income	59%
Cash equivalents	7%
Defined contribution asset mix:	
Company stock	84%
Other stock	1%
Fixed income	1%
GICs/BICs	11%
Cash equivalents	3%

CINCINNATI — As of June 30, Procter & Gamble Co.'s total employee benefit assets increased 17.9% from a year earlier. Defined benefit assets increased 5.3% during the same period; defined contribution assets increased 18.2%.

Equity managers: Domestic — Ariel; Babson; Bankers Trust; Bernstein; Fidelity Investment; IDS Advisory; Investors Research; J.P. Morgan Investment; Northern Trust; Wells Fargo Nikko.

International — Wells Fargo Nikko.

Fixed-income managers: Domestic — Bankers Trust; IDS Advisory; Lowe Brockenbrough Tierney & Tattersall; Merrill Lynch; J.P. Morgan Investment; Northern Trust; T. Rowe Price; Wells Fargo Nikko.

Other managers: Aetna Capital; Central Trust; Hartford; Metropolitan Life; Prudential Asset.

Key personnel overseeing the investment management of the fund are G.M. Gibson, treasurer; J.R. Lawhead, assistant treasurer; and J.R. Smith, manager-pension plan coordination.

Prudential Insurance Co. of America

	($ millions)
Total assets	6,764
Defined benefit	4,949
Total defined contribution	1,815
401(k)	191
Thrift/savings	1,624
Employer DB contributions	0
Benefit payments	258
Employer DC contributions	0
Internally managed assets:	
Total DB	4,926
Total DC	1,815
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	46.2%
Fixed income	32.4%
Cash equivalents	5.5%
Real estate equity	11.5%
GICs/BICs	4.4%
Defined contribution asset mix:	
Other stock	11.3%
GICs/BICs	88.7%

NEWARK, N.J. — As of Sept. 30, Prudential Insurance Co.'s total employee benefit assets increased 15.5% from a year earlier. Defined benefit assets increased 15.2% during the same period; defined contribution assets increased 16.4%.

All assets are managed by Prudential affiliates except for $24 million managed by M.R. Beal & Co.

The consultant is Prudential Diversified Investment Strategies.

Key personnel overseeing the investment management of the fund are Paul C. Guidone, managing director and chief investment officer, and Mark Stumpp, research director.

R

Raytheon Co.

	($ millions)
Total assets	3,633
Defined benefit	2,510
Total defined contribution	1,123
401(k)	1,045
ESOP	78
Employer DB contributions	75
Benefit payments	90
Employer DC contributions	57
Defined benefit asset mix:	
Stocks	72%
Fixed income	27%
Cash equivalents	1%
Defined contribution asset mix:	
Company stock	7%
Other stock	19%
GICs/BICs	74%

LEXINGTON, Mass. — As of Sept. 30, Raytheon Co.'s total employee benefit assets increased 21.8% from a year earlier. Defined benefit assets increased 21.6% during the same period; defined contribution assets increased 22.3%.

Equity managers: Domestic — Ariel; Batterymarch; Dewey Square; INVESCO; Loomis, Sayles; Matrix; Paribas; Rosenberg; State Street Research; and Sun Bank.

Fixed-income managers: Domestic — Dewey Square; Loomis, Sayles; J.P. Morgan; and Richmond Capital.

The master trustee is Boston Safe.

Key personnel overseeing the investment management of the fund are Herbert Deitcher, senior vice president/treasurer; Steven S. DeMeo, senior benefits financing specialist.

Employees Retirement System of Rhode Island

	($ millions)
Total assets	2,788
Defined benefit	2,788
Employer DB contributions	0
Benefit payments	202
Internally managed assets	31
Hedging devices used:	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	49%
Fixed income	33%
Cash equivalents	12%
Real estate equity	4%
Foreign stocks	2%

PROVIDENCE, R.I. — As of Sept. 30, the Employees Retirement System of Rhode Island's total employee benefit assets increased 20.1% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Bankers Trust; Boston Co.; Fleet/Norstar; Provident Investment.

International — Alliance.

Fixed-income managers: Domestic — Brown Brothers; Fidelity; Fleet/Norstar.

Real estate managers: Aetna; Heitman; Lehndorff & Babson; Phoenix.

The master custodian and global custodian is State Street Bank; the investment consultant is Wilshire.

Key personnel overseeing the investment management of the fund are John Simmons, deputy general treasurer; Stephen Iafrate, fiscal manager/administrative officer; and George Creapeau, fiscal analyst.

RJR Nabisco Inc

	($ millions)
Total assets*	3,737
Defined benefit	2,589
Total defined contribution	1,148
Employer DB contributions	2

**P&I estimate*

NEW YORK — As of Sept. 30, *Pensions & Investments* estimates RJR Nabisco Inc.'s total employee benefit assets increased 11.1% from a year earlier. Defined benefit assets increased an estimated 7.9%; defined contribution assets increased an estimated 19.1%.

Key personnel overseeing the investment management of the fund are John W. MacMurray, vice president-pension administration; Noreen E. Clarke, manager-pension administration; and David E. Marshall, vice president-compensation and benefits.

Rockwell International Corp.

	($ millions)
Total assets*	10,125
Defined benefit	7,125
Thrift/savings	3,000

**P&I estimate*

PITTSBURGH — As of Sept. 30, *Pensions & Investments* estimates Rockwell International Corp.'s total employee benefit assets increased 4.2% from a year earlier.

Key personnel overseeing the investment management of the fund are Lee H. Cramer, vice president and treasurer, and J.J. Christin, senior pension investment officer.

S

San Francisco City and County Employees' Retirement System

	($ millions)
Total assets*	4,586
Defined benefit	4,586
Employer DB contributions	230
Benefit payments	199

**as of June 30, 1991*

Internally managed assets	2,464

Top 200 funds with assets in real estate equity

Defined benefit

Fund	($ millions)
California Employees	5,073
AT&T	4,257
Ohio Teachers	2,056
General Electric	1,903
California State Teachers	1,703
Bell Atlantic	1,557
Illinois Teachers	1,315
State of Michigan	1,288
Connecticut Trust	1,275
NYNEX	1,188
Washington State Board	1,088
New York State & Local	1,085
Ohio Employees	1,005
Ford Motor	900
Pacific Telesis	859
Pennsylvania State	851
Florida State	847
New York State Teachers	825
Western Teamsters	772
United Nations	718
Wisconsin State	683
Oregon Employes	650
Virginia	631
Minnesota State	583
Iowa Employees	569
Pennsylvania Public Schools	540
Prudential Insurance	509
Southwestern Bell	501
Colorado Employees	494
Westinghouse Electric	459
Kansas Employees	451
Illinois Universities	435
Chevron	434
Los Angeles County	422
Illinois Municipal	417
Texas Teachers	400
Hawaii State	376
Unisys	372
United Technologies	362
Exxon	355
Nevada Employees	354
Nat'l Electrical Contractors	344
Illinois State	341
San Francisco City & County	331
Ohio School Employees	316
Utah State	300
Metropolitan Life	287
Pacific Gas & Electric	276
Monsanto	260
USX	250
Caterpillar	226
Mass. Teachers/Employees	226
Xerox	222
Boilermakers-Blacksmiths	221
Ohio Police & Fire	221
Maryland State	220
Alaska State	219
Kentucky Retirement	215
Presbyterian Church	215
North Carolina	199
World Bank	190
Atlantic Richfield	186
Idaho Employees	181
Hospital/Healthcare	174
Minnesota Mining & Mfg.	167
Honeywell	167
International Paper	155
Union Carbide	154
Los Angeles Fire & Police	152
UMWA	150
Inland Steel	148
Operating Engineers	142
Los Angeles City	140
ITT	132
Rhode Island Employees	120
United Airlines	120
Chrysler	119
Grumman	117
Owens-Illinois	114
GTE	108
Delta Air Lines	104
Philip Morris	104
S. California UFCW	101
Amoco	100
S. New England Telephone	100
Sears, Roebuck	99
J.C. Penney	95
FPL Group	91
CIGNA	90
Missouri State	88
Citibank	87
Aetna Life	84
Louisiana Employees	84
Du Pont	83
Deere	69
Aluminum Co. of America	64
Alabama Retirement	60
Maine State	60
S. California Edison	60
Eli Lilly	56
United Methodists	56
Travelers	55
Johnson & Johnson	53
Anheuser-Busch	46
Chicago Municipal	43
Georgia-Pacific	41
K mart	38
Kentucky Teachers	37
Phillips Petroleum	28
New York Life	27
GenCorp	26
American Airlines	25
Bakery & Confectionery	24
BankAmerica	20
Trans World Airlines	19
Southern Baptist Convention	10
New Mexico Employees	6
Hewlett Packard	5
Southern Co.	4
Arkansas Teachers	1
Total	**50,630**

Defined contribution

Fund	($ millions)
TIAA-CREF	5,370
Bechtel Power	79
American Stores	73
United Methodists	69
Trans World Airlines	54
Xerox	26
Halliburton	21
Hewlett Packard	15
Nat'l Electrical Contractors	13
Metropolitan Life	11
Evangelical Lutheran Church	6
Total	**5,737**

Defined benefit asset mix:	
Stocks	33%
Fixed income	55%
Cash equivalents	6%
Real estate equity	6%

SAN FRANCISCO — As of June 30, the San Francisco City and County Employees' Retirement System's total employee benefit assets increased 5.9% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Hanson; McCullough, Andrews & Cappiello; Nicholas-Applegate; and Rosenberg.

International — Capital Guardian and Oechsle.

Fixed-income managers: Domestic — MacKay-Shields; Scudder, Stevens; and TCW.

International — Brinson and Warburg.

Real estate managers: Coldwell Banker; JMB; Lehndorff & Babson; Metric; RREEF; and Schroder.

The master trustee and global custodian is Bankers Trust; the investment consultants are Callan, Townsend and Lewis, Bailey.

Key personnel overseeing the investment management of the fund is Kenneth L. Shaffer, chief investment officer.

Sears, Roebuck & Co.

	($ millions)
Total assets	8,665
Defined benefit	2,733
Total defined contribution	5,932
Internally managed assets:	
Total DB	2,383
Total DC	5,779
Hedging devices used:	
Stock options	
Stock index futures	
Defined benefit asset mix:	
Stocks	61%
Fixed income	26%
Cash equivalents	1%
Real estate equity	4%
Foreign stocks	4%
Venture capital	4%
Defined contribution asset mix:	
Company stock	44%
Other stock	23%
Fixed income	13%
Cash equivalents	19%
Foreign stocks	1%

CHICAGO — As of Sept. 30, Sears, Roebuck & Co.'s total employee benefit assets increased 20.6% from a year earlier. Defined benefit assets increased 9.2% during the same period; defined contribution assets increased 26.7%.

Equity managers: Domestic — Rosenberg; State Street Bank.

International — Acadian; Capital Guardian; HD; Oechsle; State Street Bank.

Real estate manager: AEW.

The master trustees and global custodians are Continental Bank and Northern Trust.

Key personnel overseeing the investment management of the fund, all with Sears Investment Management, are David V. Dootson, president; and David H. Williams, Michael F. Norton and James M. Smith, vice presidents.

Shell Oil Co.

	($ millions)
Total assets*	8,783
Defined benefit	3,856
Total defined contribution	4,927
Employer DB contributions	75
Employer DC contributions	170

From Money Market Directory

HOUSTON — As of June 30, Shell Oil Co. had $8.783 billion in total employee assets, according to the Money Market Directory. Of that, $3.856 billion was in defined benefit assets and $4.927 billion was in defined contribution assets.

South Carolina Retirement System

	($ millions)
Total assets	9,386
Defined benefit	9,386
Employer DB contributions	334
Benefit payments	440
Internally managed assets	9,386
Defined benefit asset mix:	
Fixed income	93%
Cash equivalents	7%

COLUMBIA, S.C. — As of Sept. 30, the South Carolina Retirement System's total employee benefit assets increased 21.5% from June 30, 1990. All assets are defined benefit.

The investment consultant is Jamison, Eaton, & Wood.

Key personnel overseeing the investment management of the fund are Grady L. Patterson Jr., state treasurer; Sandy Huey, deputy state treasurer; and Chuck Sanders, senior assistant state treasurer.

Annuity Board of the Southern Baptist Convention

	($ millions)
Total assets	3,149
Defined benefit	1,200
Total defined contribution	1,949
Other	1,949
Employer DB contributions	0
Benefit payments	39
Employer DC contributions	170
Internally managed assets:	
Total DB	26
Defined benefit asset mix:	
Stocks	53.2%
Fixed income	34.6%
Cash equivalents	1.1%
Real estate equity	1%
GICs/BICs	8.4%
Mortgages	1.7%
Defined contribution asset mix:	
Stock	20.5%
Fixed income	8.5%
GICs/BICs	69.4%
Cash equivalents	1.6%

DALLAS — As of Sept. 30, the Annuity Board of the Southern Baptist Convention's total employee benefit assets increased 17.5% from a year earlier. Defined benefit assets increased 55.8% during the same period; defined contribution assets increased 2%.

Equity managers: Domestic — Barrow, Hanley; Capital Guardian; Eagle; GAMCO; Ganucheau, Stupfel; Goldman Sachs; Independence; JMC; Munder; Northern Trust; Provident; and RCM.

International — PCM and Swiss Bank.

Fixed-income managers: Domestic — Sanford Bernstein; Fidelity Management; Loomis, Sayles; J.P. Morgan; Payden & Rygel; Putnam; STW; and Western Asset.

Short-term manager: Northern Trust.

GIC manager: Certus.

The master trustee and global custodian is Northern Trust; the investment consultants are SEI and TPF&C.

Key personnel overseeing the investment management of the fund are John R. Jones, senior vice president, and Nathan L. Hutson, investment specialist.

Southern California Edison

	($ millions)
Total assets*	2,820
Defined benefit	1,700
Total defined contribution	1,120
401(k)	820
ESOP	300
Employer DB contributions	40
Benefit payments	56
Employer DC contributions	16

**as of June 30, 1991*

Internally managed assets:	
Total DB	137
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	65%
Fixed income	25%
Cash equivalents	2%
Real estate equity	4%
Venture capital	4%
Defined contribution asset mix:	
Company stock	78%
Other stock	6%
Fixed income	1%
GICs/BICs	7%
Cash equivalents	3%
Other	5%

ROSEMEAD, Calif. — As of June 30, Southern California Edison's total employee benefit assets increased 22.6% from a year earlier. Defined benefit assets increased 13.3% during the same period; defined contribution assets increased 40%.

Equity managers: Domestic — DFA; Dodge & Cox; Hotchkis and Wiley; Jundt; Mellon; Pacific Financial; RCM; Rosenberg Institutional; and Sit.

International — Acadian; Batterymarch; TCW; Warburg.

Fixed-income managers: Domestic — NCM; PIMCO; RCM.

Real estate managers: Equitable; JMB; LaSalle; Pacific Mutual; TCW.

Options manager: MCQ.

Overwriting manager: Bankers Trust.

Cash manager: Payden & Rygel.

The master trustee and global custodian is Security Pacific; the investment consultant is Frank Russell.

The key person overseeing the investment management of the fund is Rick Yamamoto, manager of investments.

Southern California UFCW & Food Employers Pension Trust

	($ millions)
Total assets	2,288
Defined benefit	2,288
Employer DB contributions	42
Benefit payments	128
Internally managed assets	8
Hedging devices used:	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	38%
Fixed income	44%
Cash equivalents	2%
Real estate equity	4%
GICs/BICs	11%
Mortgages	1%

CYPRESS, Calif. — As of Sept. 30, The Southern California UFCW & Food Employers Pension Trust's total employee benefit assets — all defined benefit — increased 10.4% from a year earlier.

Equity managers: Domestic — Cramblit & Carney; Lazard Freres; Oppenheimer; Trust Co. of the West; Wells Fargo Nikko.

Fixed-income managers: Domestic — PIMCO; Patterson Capital; Putnam; Weiss, Peck & Greer.

Real estate managers: LaSalle; Lehndorff & Babson; McMorgan; Prudential; Smith Barney Birtcher; TCW Realty.

The master trustee is First Interstate Bank; the investment consultants are R.V. Kuhns and Institutional Property Consultants.

Key personnel overseeing the investment management of the fund are P. Colleen Thompson, administrator, and Joel F. Meltz, controller.

The Southern Co.

	($ millions)
Total assets	3,985
Defined benefit	2,747
Total defined contribution	1,238
401(k)	985
ESOP	253
Employer DB contribution	0
Benefit payments	71
Employer DC contributions	4
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	68%
Fixed income	21%
Cash equivalents	10%
Real estate equity	1%
Defined contribution asset mix:	
Company stock	82.2%
Other stock	9.9%
Fixed income	7.9%

ATLANTA — As of Sept. 30, The Southern Co.'s total employee benefit assets increased 19% from a year earlier. Defined benefit assets increased 14.5% during the same period; defined contribution assets increased 30.3%.

Equity managers: Domestic — AmSouth; ANB Chicago; Husic; INVESCO; Jundt; Lincoln Capital; Miller, Anderson & Sherrerd; Northern Capital; Pilgrim Baxter Greig; and Spears, Benzak, Salomon & Farrell.

International — Baring, BEA, J.P. Morgan; and Scudder, Stevens & Clark.

Fixed-income managers: Domestic — J.P. Morgan; Trusco; and Wachovia.

International — Baring and Putnam.

Real estate managers: AMB; Metric; TA Associates; and Zell/Merrill Lynch.

The master trustee and global custodian is Bankers Trust; the investment consultant is Callan.

Key personnel overseeing the investment management of the fund are William M. Stephens, assistant treasurer; Julie Flukinger, senior trust analyst; and Michael Vanous, trust analyst.

Money manager profiles will appear in the May 18 issue.

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Southern New England Telephone Co.

	($ millions)
Total assets	2,003
Defined benefit	1,695
Total defined contribution	308
Thrift/savings	296
ESOP	12
Employer DB contributions	71
Employer DC contributions	21
Defined benefit asset mix	
Stocks	56%
Fixed income	33%
Cash equivalents	1%
Real estate equity	6%
Other	4%
Defined contribution asset mix	
Company stock	27%
Other stock	7%
GICs/BICs	66%

NEW HAVEN, Conn. — As of Sept. 30, Southern New England Telephone Co.'s total employee benefit assets increased 15.8% from a year earlier. Defined benefit assets increased 16.1% during the same period; defined contribution assets increased 14.5%.

Equity managers: Domestic — American National Bank; Analytic Investment; Barrow, Hanley, Mewhinney & Strauss; Connecticut National Bank; Moran Asset; Wellington Trust; and Wells Fargo Nikko.

International — Mercator; PCM International; and Wells Fargo Nikko.

Fixed-income managers: Domestic — Connecticut National Bank; Equitable Life; Putnam; STW; and Wells Fargo Nikko.

Real estate managers: CIGNA; JMB; LaSalle; Schroder; and Sentinel.

Other managers: Columbine Venture; First Reserve; Hellman & Friedman; Recovery Equity; RIMCO; and Triumph Capital.

The master trustees are Bankers Trust for the defined contribution plan and Boston Safe Deposit for the defined benefit plan; the global custodian is Morgan Stanley for the defined benefit plan.

The key person overseeing the investment management of the fund is Katherine R. Griswold, director-pension fund.

Southwestern Bell Corp.

	($ millions)
Total assets	9,093
Defined benefit	7,674
Total defined contribution	1,419
401(k)	370
Thrift/savings	935
ESOP	114
Employer DB contributions	0
Benefit payments	311
Employer DC contributions	78
Defined benefit asset mix	
Stocks	64%
Fixed income	28%
Cash equivalents	2%
Real estate equity	6%
Defined contribution asset mix	
Company stock	44%
Other stock	16%
Fixed income	3%
GICs/BICs	33%
Loan fund	4%

ST. LOUIS — As of Sept. 30, Southwestern Bell Corp.'s total employee benefit assets increased 9.5% from a year earlier. Defined benefit assets increased 8.4% during the same period; defined contribution assets increased 16.2%.

Equity managers: Domestic — Franklin Portfolio Associates; GeoCapital; Goldman Sachs; Jennison; NFJ Investment; Nicholas-Applegate; Pilgrim Baxter; Rosenberg; Sasco Capital; Southeastern Asset; Wells Fargo Nikko.

International — IDS; Morgan Stanley; Nomura; Schroder Capital.

Fixed-income managers: Domestic — Jennison; Mississippi Valley.

Real estate managers: Boston Co.; Heitman; Mellon/McMahan.

Other managers: Brinson Partners; Bigler/Crossroads.

The master trustees are NCNB Texas (defined benefit) and Bankers Trust (defined contribution); the global custodian is Chase Manhattan (defined benefit); the investment consultants are Buck Pension Fund Services (defined benefit) and Becker & Rooney (defined contribution).

The key person overseeing the investment management of the fund is Charles Weaver, director-pension funds.

State Farm Insurance Co.

	($ millions)
Total assets	4,080
Defined benefit	3,064
Total defined contribution	1,016

BLOOMINGTON, Ill. — As of Sept. 30, State Farm Insurance Co.'s total employee benefit assets increased 25.9% from a year earlier. Defined benefit assets increased 22.7% during the same period; defined contribution assets increased 36.9%.

T

Teachers Insurance & Annuity Association - College Retirement Equities Fund

	($ millions)
Total assets	99,600
Total defined contribution	99,600
Other	99,600
Employer DC contributions	3,500
Internally managed assets	99,600
Defined contribution asset mix:	
Stock	40.6%
Fixed income	26.3%
Cash equivalents	4.7%
Real estate	7.5%
Mortgages	20.9%

NEW YORK — As of Sept. 30, the Teachers Insurance & Annuity Association — College Retirement Equities Fund's total employee benefit assets increased 19.9% from a year earlier. All assets are defined contribution.

For TIAA, the master trustees are Citibank and Morgan Guaranty; for CREF, the master trustees are Bankers Trust and Morgan Guaranty. The global custodians are Chase Manhattan and Bankers Trust.

Key personnel overseeing the investment management for TIAA are J. Daniel Lee Jr., executive vice president; David B. Bullett and John A. Somers, senior vice presidents. Key personnel overseeing the investment management for CREF are James S. Martin, executive vice president; C. Oscar Morong Jr. and Virgil H. Cumming, senior vice presidents.

Teamsters, Central States, Southeast and Southwest Areas Pension Fund

	($ millions)
Total assets	11,163
Defined benefit	11,163
Employer DB contributions	733
Benefit payments	1,020
Internally managed assets	73
Hedging devices used:	
Stock options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	40.2%
Fixed income	54.8%
Cash equivalents	5%

ROSEMONT, Ill — As of Sept. 30, the Teamsters, Central States, Southeast and Southwest Areas Pension Fund's total employee benefit assets increased 18.8% from a year earlier. All assets are defined benefit.

Key personnel overseeing the investment management of the fund are Robert M. Warner, director-financial services, and Mark F. Angerame, financial group manager.

Western Conference of Teamsters Pension Trust

	($ millions)
Total assets	10,825
Defined benefit	10,825
Employer DB contributions	580
Benefit payments	725
Hedging devices used	
Bond options	
Fixed-income futures	
Defined benefit asset mix	
Stocks	21.4%
Fixed income	56.3%
Cash equivalents	1%
Real estate equity	7.1%
GICs/BICs	0.7%
Annuities	11.9%
Mortgages	1.6%

SEATTLE — As of Sept. 30, the Western Conference of Teamsters Pension Trust's total employee benefit assets — all defined benefit — increased 16.5% from a year earlier.

Equity managers: Domestic — Mellon; Prudential.

Fixed-income managers: Domestic — PIMCO; Prudential.

Real estate managers: Aetna; AEW; Phoenix Mutual; Prudential.

Alan D. Biller is the investment consultant.

Key personnel overseeing the investment management of the fund are Owen Bennett and Joe Ballew, both co-chairman, and Bill Lubersky, chairman-investment committee.

Tenneco Inc.

	($ millions)
Total assets	3,314
Defined benefit	2,345
401(k)	969
Internally managed assets	
Total DC	893
Hedging devices used	
Stock index futures	
Defined benefit asset mix	
Stocks	64%
Fixed income	33%
Cash equivalents	1%
Mortgages	2%
Defined contribution asset mix:	
Company stock	24%
Other stock	6%
Fixed income	2%
Cash equivalents	65%
Other	3%

HOUSTON — As of Sept. 30, Tenneco Inc.'s total employee benefit assets increased 17.4% from a year earlier. Defined benefit assets increased 21.8% during the same period; defined contribution assets increased 7.8%.

Equity managers: Domestic — Capstone; Hotchkis & Wiley; IDS; Morgan Stanley; Nicholas-Applegate; Fayez Sarofim; Texas Commerce Bank.

International — Deutsche Asset Management; Morgan Stanley.

Fixed-income managers: Domestic — Capstone; Fischer, Francis; J.P. Morgan; State Street Bank; State Street Research; STW.

Other manager: Bridge Capital.

The master trustee and global custodian is Bankers Trust; the investment consultant is Callan.

The key person overseeing the investment management of the fund is Richard A. Robinson, executive director-investments.

Tennessee Consolidated Retirement System

	($ millions)
Total assets	10,077
Defined benefit	9,968
Total defined contribution	109
Other	109
Employer DB contributions	285
Benefit payments	307
Employer DC contributions	0
Internally managed assets:	
Total DB	9,968
Defined benefit asset mix:	
Stocks	33.8%
Foreign stocks	3.5%
Fixed income	54.3%
Foreign bonds	2.9%
Cash equivalents	5.5%
Defined contribution asset mix:	
Other stock	40%
Fixed income	52%
Cash equivalents	8%

NASHVILLE, Tenn. — As of Sept. 30, the Tennessee Consolidated Retirement System's total employee benefit assets increased 23.7% from a year earlier. Defined benefit assets increased 22.3%; the defined contribution assets weren't reported in 1990.

The master custodian and global custodian is Chase Manhattan; the investment consultant is Callan.

Key personnel overseeing the investment management of the fund are Chuck Webb, chief investment officer, and Marshall Cox, fixed-income portfolio manager.

Tennessee Valley Authority Retirement System

	($ millions)
Total assets	3,484
Defined benefit	2,590
Total defined contribution	893
401(k)	112
Thrift/savings	142
Other	639
Employer DB contributions	48
Benefit payments	149
Employer DC contributions	0
Hedging devices used	
Stock options	
Stock index futures	
Defined benefit asset mix	
Stocks	50%
Fixed income	50%
Defined contribution asset mix	
Stock	50%
Fixed income	50%

KNOXVILLE, Tenn. — As of Sept. 30, the Tennessee Valley Authority Retirement System's total employee benefit assets increased 23% from a year earlier.

Equity managers: Domestic — Geewax Terker; Mellon Capital; Morgan Grenfell; NCM; Newbold's; Rosenberg Institutional; and Sunbank Capital.

Fixed-income managers: Domestic — Duff & Phelps; W.R. Huff; Mellon Capital; and PIMCO.

Other manager: Lord Abbett.

The master trustee is Mellon Bank; the investment consultant is Wilshire.

Key personnel overseeing the investment management of the fund are Charles Roper, chairman of the board of directors; Jimmy Cross, chairman of the investment committee; and Larry Edwards, executive secretary.

Texaco Inc.

	($ millions)
Total assets	3,400
Defined benefit	1,300
Total defined contribution	2,100
Other	2,100
Internally managed assets	
Total DB	120

WHITE PLAINS, N.Y. — As of Sept. 30, Texaco Inc.'s total employee benefit assets increased 3% from a year earlier. Defined benefit assets were unchanged during the same period; defined contribution assets increased 5%.

Equity managers: Domestic — Alliance; Mellon Capital; J.P. Morgan; and State Street Bank.

Fixed-income managers: Domestic — WR Lazard and J.P. Morgan.

Real estate managers: Aetna; Copley; Equitable; J.P. Morgan; Prudential; and Travelers.

Other managers: Aetna; Equitable; and Travelers.

The master trustee is Chase Manhattan; the investment consultant is Wilshire.

The key person overseeing the investment management of the fund is Shelby Faber, financial director.

Texas County & District Retirement System

	($ millions)
Total assets	2,509
Total defined contribution	2,509
Employer DC contributions	100
Internally managed assets	2,509
Defined contribution asset mix:	
Fixed income	100%

AUSTIN, Texas — As of Sept. 30, the Texas County and District Retirement System's total assets increased 9.2% from a year earlier. All assets are defined contribution.

Key personnel overseeing the investment management of the fund are J. Robert Brown, executive director, and Ronald Schultz, investment consultant.

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Employees Retirement System of Texas

	($ millions)
Total assets	7,683
Defined benefit	7,683
Employer DB contributions	216
Benefit payments	224
Internally managed assets	7,683
Defined benefit asset mix	
Stocks	29%
Fixed income	70%
Cash equivalents	1%

AUSTIN, Texas — As of Sept. 30, the Employees Retirement System of Texas' total employee benefit assets increased 23.1% from a year earlier. All assets are defined benefit.

INVESCO MIM serves as equity adviser; Duff & Phelps is the fixed-income adviser.

The master custodian is NCNB Texas; the investment consultant is Callan.

Key personnel overseeing the investment management of the fund are Charles D. Travis, executive director, and Nancy G. Goerdel, deputy director for investments.

Texas Municipal Retirement System

	($ millions)
Total assets	2,710
Total defined contribution	2,710
Internally managed assets	2,710
Defined contribution asset mix	
Fixed income	100%

AUSTIN, Texas — As of Sept. 30, The Texas Municipal Retirement System's total employee benefit assets increased 12.9% from a year earlier. All assets are defined contribution.

The master custodian is First City Bank, Austin; the investment consultant is Duff & Phelps.

Key personnel overseeing the investment management of the fund are Jimmie L. Mormon, director, and Preston G. Craig, investment officer.

Teacher Retirement System of Texas

	($ millions)
Total assets	29,477
Defined benefit	29,477
Employer DB contributions	786
Benefit payments	1,290
Internally managed assets	29,477
Defined benefit asset mix	
Stocks	46%
Fixed income	45%
Cash equivalents	1.5%
Real estate equity	0.5%
Mortgages	7%

AUSTIN, Texas — As of Sept. 30, the Teacher Retirement System of Texas' total employee benefit assets increased 24.2% from a year earlier. All assets are defined benefit.

The master custodian is Chemical Bank; the investment consultant is Wellington Management.

Key personnel overseeing the investment management of the fund are John-Carl, investment officer-equities; Gene Reichman, investment officer-real estate; and Jack Cooper, investment officer-fixed income.

Textron Inc.

	($ millions)
Total assets*	3,846
Defined benefit	2,853
Total defined contribution	993

**P&I estimate*

PROVIDENCE, R.I. — As of Sept. 30, *Pensions & Investments* estimates Textron Inc.'s total employee benefit assets increased 29.8% from a year earlier. Defined benefit assets increased an estimated 35.3% during the same period; defined contribution assets increased 16.3%.

The key person overseeing the investment management of the fund is John Lemery, president of Textron Investment Management Co. Inc.

Trans World Airlines Inc.

	($ millions)
Total assets	2,567
Defined benefit	1,165
Total defined contribution	1,402
401(k)	223
ESOP	2
Other	1,177
Employer DB contributions	47
Benefit payments	49
Employer DC contributions	38
Internally managed assets	
Total DB	499
Defined benefit asset mix	
Stocks	36%
Fixed income	32%
Cash equivalents	27%
Real estate equity	2%
GICs/BICs	3%
Defined contribution asset mix	
Other stock	60%
Fixed income	8%
GICs/BICs	19%
Cash equivalents	7%
Real estate	6%

KANSAS CITY, Mo. — As of Sept. 30, Trans World Airlines Inc.'s total employee benefit assets increased 12.5% from a year earlier. Defined benefit assets increased 15.1% during the same period; defined contribution assets increased 10.4%.

Equity managers: Domestic — Estabrook; Federated; Fidelity Investments; Fort Hill; Frontier; GAMCO; J.P. Morgan; McGlinn; Mellon Capital; Shields; State Street Research; Twentieth Century/Investors Research; and Wells Fargo Nikko.

International — SBC; State Street Bank; Vanguard; and WorldInvest.

Fixed-income managers: Estabrook; Fidelity Investments; Fort Hill; GAMCO; McGlinn; PanAgora; Shields; Wellington; and Wells Fargo Nikko.

Real estate managers: Aetna; Citicorp; Coldwell Banker; INVESCO Realty; J.P. Morgan; NCNB; State Street Bank; and TCW.

GIC/BIC managers: Aetna; Boston Co.; and PRIMCO.

The master trustee and global custodian is Boston Safe.

Gary D. Dilley, director-pension finance, oversees investment management of the fund.

The Travelers Cos.

	($ millions)
Total assets	2,237
Defined benefit	1,621
Total defined contribution	616
401(k)/thrift	551
Other	65
Employer DB contributions	1
Benefit payments	68
Employer DC contributions	28
Internally managed assets	
Total DB	1,621
Total DC	616
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	52%
Fixed income	7%
Cash equivalents	1%
Real estate equity	3%
GICs/BICs	37%
Defined contribution asset mix	
Company stock	32%
Other stock	8%
Fixed income	60%

HARTFORD, Conn. — As of Sept. 30, The Travelers Cos.' total employee benefit assets increased 13% from a year earlier. Defined benefit assets increased 10.3% during the same period; defined contribution assets increased 20.5%.

All assets are managed by Travelers Cos. and its affiliates.

The master trustee is Connecticut National Bank; the global custodian is Morgan Guaranty, Zurich.

Key personnel overseeing the investment management of the fund are Thomas O. Thorsen, vice chairman and chief financial officer; Robert W. Crispin, vice chairman and chief investment officer; and Thomas E. Keating, senior vice president.

TRW Inc.

	($ millions)
Total assets	3,313
Defined benefit	2,199
401(k)	1,114
Employer DB contributions	53
Benefit payments	136

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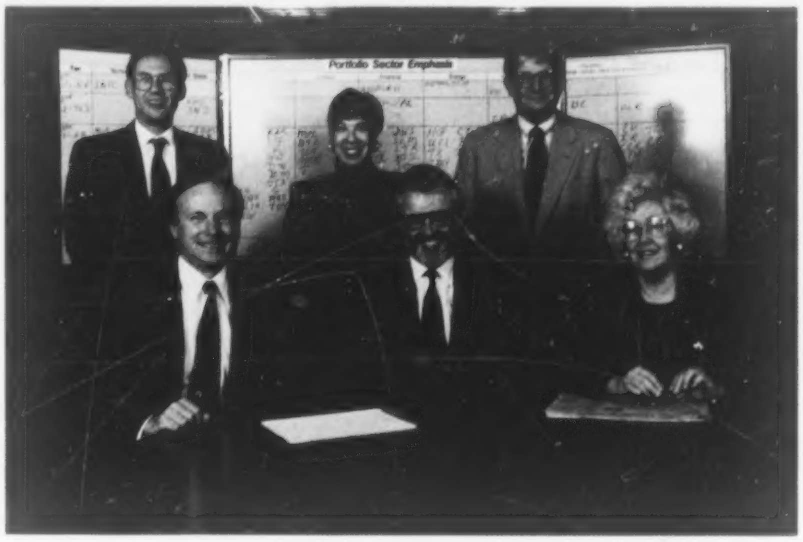

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Employer DC contributions	33
Internally managed assets	
Total DB	142
Hedging devices used	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	61%
Fixed income	34.8%
Cash equivalents	4.2%
Defined contribution asset mix	
Company stock	41.7%
Other stock	19.4%
GICs/BICs	38.9%

CLEVELAND — As of Sept. 30, TRW Inc.'s total employee benefit assets increased 19% from a year earlier. Defined benefit assets increased 19% during the same period; defined contribution assets increased 19.1%.

Equity managers: Domestic — Alliance; Baring America; Sanford Bernstein; Investment Counselors of Maryland; PanAgora; Westwood; and Wilshire.

International — Baring International; Ivory & Sime; and PanAgora.

Fixed-income managers: Domestic — Hoisington; PIMCO; and PanAgora.

International — J.P. Morgan and Morgan Grenfell.

The master trustee is Boston Safe.

The key person overseeing the investment management of the fund is Robert M. Hamje, president, TRW Investment Management.

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Union Carbide Corp.

	($ millions)
Total assets	3,174
Defined benefit	2,404
Total defined contribution	770
401(k)	280
Thrift/savings	471
ESOP	19
Employer DB contributions	50
Benefit payments	94
Internally managed assets	
Total DB	2,404
Total DC	726
Defined benefit asset mix	
Stocks	34%
Fixed income	57%
Cash equivalents	2%
Real estate equity	6%
Annuities	1%
Defined contribution asset mix	
Company stock	12.3%
Other stock (ESOP)	2.4%
GICs/BICs	75.6%
Other	9.6%

DANBURY, Conn. As of Sept. 30, Union Carbide Corp.'s total employee benefit assets increased 21.7% from a year earlier. Defined benefit assets increased 23.7% during the same period; defined contribution assets grew 16%.

Equity manager: Fidelity Investments.

The master trustee is Manufacturers Hanover.

Key personnel overseeing the investment management of the fund are Michael F. Hoben, president of Benefit Capital Management, a wholly owned subsidiary of Union Carbide; Lawrence R. Fuller, senior vice president-equities, Benefit Capital; and Robert Burstein, senior vice president-fixed income, Benefit Capital.

Unisys Corp.

	($ millions)
Total assets	4,998
Defined benefit	3,218
401(k)	1,780
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined benefit asset mix	
Stocks	61%
Fixed income	15%
Cash equivalents	2%
Real estate equity	11%
GICs/BICs	5%
Other	6%
Defined contribution asset mix	
Company stock	6%
Other stock	18%
GICs/BICs	61%
Cash equivalents	5%
Other	10%

BLUE BELL, Pa. — As of Sept. 30, Unisys Corp.'s total employee benefit assets increased 10.2% from a year earlier. Defined benefit assets increased 14.5% during the same period; defined contribution assets increased 3.3%.

Defined benefit managers: Advanced Investment; Aetna; Fred Alger; Amerindo; AMLI Southwest; Baker Nye; Bankers Trust; BEA; Blackstone Capital; Blackstone Financial; Chase; Chemical Bank; Coldwell Banker; Connecticut General Real Estate; County NatWest; GE Investment; Geewax, Terker; Hancock; Harris Trust; Independent Investment; Jacobs, Levy; JMB; LaSalle; Lazard Freres; Carl Marks; Mercator; Metropolitan; Nicholas-Applegate; Norton Partners; NWQ; Pacific Financial; Parametric; T. Rowe Price Venture Fund; PRIMECAP; RCB; Recovery Equity Investors; Robertson Colman; Rosenberg Equity; M.D. Sass; Smith Breeden; Travelers Insurance; TIMCO; Twin Capital; United Capital; Ventures Trident; Walsh Greenwood; Wellington Trust; Wells Fargo Nikko; and Western Asset.

Defined contribution managers: Allstate; Brinson; Confederation Life; Connecticut General; Executive Life; Northern Trust; Manufacturers Hanover; Metropolitan Life; Mutual Benefits Life; Pacific Mutual Life; Principal Mutual Life; Provident National Assurance; Prudential Insurance; Rogers, Casey; Seafirst Bank; State Mutual Life; State Street Bank; Sunlife of America; Travelers Insurance; Union Central Life; and Wells Fargo Nikko.

The master trustee and global custodian for the defined benefit plan is Harris Trust; the master trustee for the defined contribution plan is Mellon; the investment consultant is Rogers, Casey.

Charles A. Service, corporate director-trust investments, oversees investment management of the fund.

United Airlines Inc.

	($ millions)
Total assets	4,800
Defined benefit	2,600
Total defined contribution	2,200
401(k)	600
Thrift/savings	1,600
Employer DB contributions	84
Benefit payments	105
Employer DC contributions	90
Defined benefit asset mix	
Stocks	50%
Fixed income	40%
Cash equivalents	5%
Real estate equity	5%
Defined contribution asset mix	
Other stock	35%
Fixed income	65%

CHICAGO — As of Sept. 30, United Airlines Inc.'s total employee benefit assets increased 20% from a year earlier. Defined benefit assets increased 23.8% during the same period; defined contribution assets increased 15.8%.

The master trustee is National Bank of Detroit.

David J. Dykstra, director-pension assets, oversees investment management of the fund.

General Board of Pensions of the United Methodist Church

	($ millions)
Total assets	4,333
Defined benefit	1,760
403(b)	2,573
Employer DB contributions	0
Benefit payments	126
Employer DC contributions	191
Internally managed assets	
Total DB	108
Total DC	133
Hedging devices used	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	56%
Fixed income	25%
Cash equivalents	10%
Real estate equity	3%
GICs/BICs	6%
Defined contribution asset mix	
Stock	58%
Fixed income	24%
GICs/BICs	5%
Cash equivalents	10%
Real estate equity	3%

EVANSTON, Ill. — As of Sept. 30, the General Board of Pensions of the United Methodist Church's total employee benefit assets increased 25.3% from a year earlier. Defined benefit assets increased 1.8% during the same period; defined contribution assets increased 48.7%.

Equity managers: Domestic — ANB; Ariel; Batterymarch; Capital Guardian; Columbus Circle; Delaware Investment; Fidelity Management Trust; Fisher Investments; Franklin Research; INVESCO MIM; Nicholas-Applegate; Olympic Capital; Provident Investment; RCM; Sit Investment; Westwood.

International — Capital Guardian.

Fixed-income managers: Domestic — ANB; CIGNA; Criterion; Delaware; Franklin Research; Lincoln Capital; Mellon Bond; STW.

Real estate managers: CIGNA; Community Investment; Enterprise Foundation; JMB; Local Initiatives Managed Assets; Neighborhood Housing Services.

The master custodian and global custodian is Mellon Bank; the investment consultant is Hotchkiss Associates.

Key personnel overseeing the investment management of the fund are F. Gale Whitson-Schmidt, chief financial officer and treasurer, and Mary Pat Kincaid, director-portfolio department.

UMWA Health & Retirement Funds

	($ millions)
Total assets	5,562
Defined benefit	5,524
401(k)	38
Internally managed assets	
Total DB	695
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	65%
Fixed income	30%
Cash equivalents	1%
Real estate equity	4%
Defined contribution asset mix	
Stock	42%
Fixed income	9%
GICs/BICs	22%
Cash equivalents	27%

WASHINGTON — As of Sept. 30, the UMWA Health and Retirement Fund's total employee benefit assets increased 16.9% from a year earlier. Defined benefit assets increased 16.7% during the same period; defined contribution assets increased 58.3%.

Equity managers: Domestic — Argus; Barrow, Hanley; Capital Guardian; Dimensional; Dreman; Lazard Freres; J & W Seligman; T. Rowe Price; Wells Fargo.

Fixed-income managers: Domestic — Criterion; Loomis, Sayles; STW.

The master trustee is Bankers Trust.

Key personnel overseeing the investment management of the fund are Charles Stephens, treasurer and director of investments; Donna K. Anderson, Robert C. Leslie and Enos T. Throop, senior investment advisers; and Mary M. Merrill, manager-money and banking.

United Nations Joint Staff Pension Fund

	($ millions)
Total assets	9,798
Defined benefit	9,798
Employer DB contributions	394
Benefit payments	505
Internally managed assets	9,798
Defined benefit asset mix	
Stocks	46%
Fixed income	39%
Cash equivalents	6%
Real estate equity	9%

NEW YORK — As of Sept. 30, the United Nations Joint Staff Pension Fund's total employee benefit assets increased 14% from a year earlier. All assets are defined benefit.

The trustee is U.N. Secretary General; the global custodians are Royal Bank of Scotland and Fiduciary Trust Co. International; the latter also provides global investment advice.

Key personnel overseeing the investment management of the fund are J. Richard Foran, representative of the secretary-general on investments; and Henry L. Ouma, chief-investment management services.

United Parcel Service of America Inc.

	($ millions)
Total assets	2,534
Defined benefit	1,240
Total defined contribution	1,294
401(k)	271
Thrift/savings	1,023
Employer DB contributions	61
Benefit payments	18
Employer DC contributions	31
Internally managed assets	
Total DB	97
Total DC	141
Defined benefit asset mix	
Stocks	47%
Fixed income	22%
Cash equivalents	15%
GICs/BICs	8%
Other	8%
Defined contribution asset mix	
Company stock	6%
Other stock	20%
Fixed income	20%
GICs/BICs	36%
Cash equivalents	13%
Other	5%

ATLANTA — As of Sept. 30, United Parcel Service of America Inc.'s total employee benefit assets increased 25.1% from a year earlier. Defined benefit assets increased 28.2% during the same period; defined contribution assets increased 22.2%.

Equity managers: Domestic — Bankers Trust; Sanford Bernstein; Connecticut National; First Fidelity; Mitchell Hutchins; and J.P. Morgan.

Fixed-income managers: Domestic — Bankers Trust; Sanford Bernstein; Connecticut National; First Fidelity; Mitchell Hutchins; and J.P. Morgan.

GIC managers: Equitable and Metropolitan Life.

The master trustee is Bankers Trust.

Key personnel overseeing the investment management of the fund are Scott Davis, treasury manager; Robert Markmann, investments manager; and Bruce Bissell, investments supervisor.

United Technologies Corp.

	($ millions)
Total assets	9,212
Defined benefit	6,312
Thrift/savings	2,900
Employer DB contributions	21
Benefit payments	284
Employer DC contributions	274
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Defined benefit asset mix	
Stocks	56%
Fixed income	30%
Cash equivalents	3%
Real estate equity	6%
Other	5%
Defined contribution asset mix	
Company stock	3%
Other stock	6%
Fixed income	90%
Other	1%

HARTFORD, Conn. — As of Sept. 30, United Technologies Corp.'s total employee benefit assets increased 15.7% from a year earlier. Defined benefit assets increased 16.9% during the same period; defined contribution assets increased 16%.

The master trustee and global custodian is Citibank; the investment consultant is Ennis, Knupp.

The key personnel overseeing the investment management of the fund are Michael J. Vrissis and James C. Goodridge, pension investment managers.

United Telecommunications

	($ millions)
Total assets	1,969
Defined benefit	1,433
401(k)	536
Employer DB contributions	0
Benefit payments	36
Employer DC contributions	28
Hedging devices used	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	

KANSAS CITY, Mo. — As of Sept. 30, United Telecommunications Inc.'s total employee benefit assets increased 24% from a year earlier. Defined benefit assets increased 22.7% during the same period; defined contribution assets increased 27.6%.

Investment managers: Barnett Banks; Barrow, Hanley, Mewhinney and Strauss; Brinson Partners; Cursitor-Eaton; DFA; Equitable Real Estate; Fischer, Francis; Grantham, Mayo; Jennison Associates; Mitchell Hutchins; J.P. Morgan; NCNB; PIMCO; T. Rowe Price; Rowe Price-Fleming; Provident; Sasco; Sit Investment; Wall Street Associates; Wellington; Wells Fargo Nikko.

The master trustee and global custodian is Northern Trust; the investment consultant is Frank Russell.

The key person overseeing the investment management of the fund is W.N. Searcy, pension and savings trust officer.

USAir Inc.

	($ millions)
Total assets*	2,636
Defined benefit	2,630
Total defined contribution	6

**P&I estimate*

ARLINGTON, Va. — As of Sept. 30, *Pensions & Investments* estimates USAir Inc.'s total employee benefit assets increased 76.6%.

Stuart Tuchman, assistant vice president-pensions and insurance, oversees investment management of the fund.

U S WEST Inc.

	($ millions)
Total assets	9,370
Defined benefit	7,720
401(k)	1,650
Employer DB contributions	0
Benefit payments	1,032
Internally managed assets	
Total DB	1,758
Defined benefit asset mix	
Stocks	59%
Fixed income	33%
Cash equivalents	1%
Mortgages	7%
Defined contribution asset mix	
Company stock	53%
Other stock	18%
GICs/BICs	20%
Other	9%

ENGLEWOOD, Colo. — As of Sept. 30, U S WEST's defined benefit assets decreased 3.5% from *P&I*'s estimate for a year earlier.

The master trustee and global custodian is Boston Safe.

Key personnel overseeing the investment management of the fund are James J. Biundo, executive director, trust investment management; Mary Beth Gorrell, Jim Belquist and Steve Crosby, directors; and Don Butt, manager.

USX Corp.

	($ millions)
Total assets	9,850
Defined benefit	9,420
Profit-sharing	430
Employer DB contribution	0
Benefit payments	910
Employer DC contributions	20
Internally managed assets	
Total DB	9,420
Total DC	430
Defined benefit asset mix	
Stocks	56.4%
Fixed income	31%
Cash equivalents	9.4%
Real estate equity	2.7%
Mortgages	0.3%
Oil/Mineral royalties	0.2%
Defined contribution asset mix	
Company stock	43%
Other stock	6%
Fixed income	9%
GICs/BICs	38%
Other	4%

PITTSBURGH — As of Sept. 30, USX Corp.'s total employee benefit assets increased 12.6% from a year earlier. Defined benefit assets increased 12.4% during the same period; defined contribution assets increased 16.2%.

The master custodians are J.P. Morgan and U.S. Trust.

Key personnel overseeing the investment management of the fund are Gary A. Glynn, president, and Peter C. Lincoln, vice president-investments.

Utah State Retirement Fund

	($ millions)
Total assets	4,900
Defined benefit	4,700
Defined contribution	200
Employer DB contributions	160
Benefit payments	150
Internally managed assets:	
Total DB	2,700
Defined benefit asset mix:	
Stocks	53%
Fixed income	35%
Cash equivalents	2%
Real estate equity	6%
Venture capital/LBOs	4%

SALT LAKE CITY — As of Sept. 30, the Utah State Retirement Fund's total assets increased 27.3% from a year earlier. Defined benefit assets increased 22.1%.

Equity managers: Domestic — Atalanta/Sosnoff; DFA; Morgan Stanley; J & W Seligman; Smoot Miller & Cheney; UBS; Value Line; Wellington.

International — Baring International; State Street Bank.

Real estate managers: Aetna; Alex. Brown; Equitable; JMB; Metric; Sentinel.

The master and global custodian is Northern Trust; the investment consultants are Callan and SEI.

Key personnel overseeing the investment management of the fund are W. Dan Smith, investment officer, and Richard Cherry, assistant investment officer.

V

Virginia Retirement System

	($ millions)
Total assets	13,300
Defined benefit	13,300
Employer DB contributions	759
Benefit payments	473
Internally managed assets:	
Total DB	718
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Short selling	
Defined benefit asset mix:	
Stocks	58.8%
Fixed income	28.9%
Cash equivalents	6.8%
Real estate equity	4.7%
Managed Futures	0.8%

RICHMOND, Va.— As of Sept. 30, the Virginia Retirement System's total employee benefit assets increased 24.5% from a year earlier. All assets are defined benefit.

Equity managers: Acadian; Ardsley Partners; Bankers Trust; Capital Growth; Clay-Finlay; Concord Capital; Davis, Weaver & Mendel; Delaware Investment; Evaluation Associates; Fidelity Management; GAMCO; GeoCapital; HD International; Hutson; IDS Advisory; Investment Research; J.P. Morgan; Jacobs Levy; Jundt; Lehman Ark; Lincoln Capital; Mellon Capital; Merrill Lynch; Negative Beta; Nicholas Applegate; Numeric Investors; Pacific Financial; Progress; Rosenberg Institutional; Rowe-Price Fleming; Donald Smith; State Street Bank; Tukman.

Fixed-income managers: Sanford Bernstein; MacKay-Shields; Massachusetts Financial; Merganser; Security Capital; Sovran Capital; Western Asset.

Managed Futures: Hart Bornhoft; Kenmar; Pegasus Partners.

Other Managers: Boston Safe; Brinson Partners; Chilmark Partners; Clayton & Dublier; Forstman Little; Hellman & Friedman; Joseph Littlejohn & Levy; New Enterprise Associates; Olympus Private Placement; TCW; E.M. Warburg; J.H. Whitney & Co.

The master custodian and global custodian is Boston Safe; the investment consultants are PCA; Rogers, Casey; Sharpe; and RP.

Key personnel overseeing the investment management of the fund are John M. McLaren, managing director-alternative investments; Nancy C. Everett, managing director-fixed income and international equity; Garry Allen, managing director-domestic equity; and Thomas Hassard, managing director-real estate.

W

Washington State Investment Board

	($ millions)
Total assets	15,640
Defined benefit	15,640
Internally managed assets:	
Total DB	6,082
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	35%
Fixed income	33%
Cash equivalents	6%
Real estate equity	7%
Other	19%

OLYMPIA, Wash. — As of Sept. 30, the Washington State Investment Board's total employee benefit assets increased 21.8% from a year earlier. All assets are defined benefit.

Equity managers: Domestic — Columbia; Hotchkis & Wiley; Kenwood Group; Lord, Abbett; Donald Smith; United Capital; Zevenbergen Capital.

International — Cursitor-Eaton.

Real estate managers: Centennial; Copley; Equitable; Pactrust; PMR; RREEF; Quadrant; Sentinel; Shurgard; UNICO; Winmar.

Venture capital/LBO managers: Brentwood; Cable & Howse; Desai; Energy Recovery; Hancock; Investech; KBA; KKR; Menlo Venture; Paragon; Phoenix; Pierce Nordquist.

The master trustee and global custodian is Bank of New York; the investment consultant is Frank Russell.

Basil Schwann, executive director, oversees investment management of the fund.

Westinghouse Electric Co.

	($ millions)
Total assets	6,667
Defined benefit	4,060
Total defined contribution	2,607
401(k)	569
Thrift/savings	2,038
Employer DB contributions	200
Benefit payments	565
Employer DC contributions	58
Internally managed assets:	
Total DB	1,622
Total DC	2,533
Hedging devices used:	
Stock options	
Stock index futures	
Short selling	
Defined benefit asset mix:	
Stocks	60.3%
Fixed income	21.7%
Cash equivalents	3%
Real estate equity	11.3%
Mortgages	3.7%
Defined contribution asset mix:	
Company stock	9%
Other stock	3%
GICs/BICs	88%

PITTSBURGH — As of Sept. 30, Westinghouse Electric Co's total employee benefit assets increased 20% from a year earlier. Defined benefit assets increased 15.4% during the same period; defined contribution assets increased 28.1%.

Equity managers: Domestic — Advanced Investment; Brandywine; Columbus Circle; Equinox; Jennison; J.P. Morgan.

International — Clay Finlay; State Street.

Fixed-income managers: Domestic — MacKay-Shields; Pioneering; Putnam.

Real estate managers: Citibank; Equitable; JMB; Mellon/McMahan.

The master trustee and global custodian is Mellon Bank; the investment consultant is Frank Russell.

Key personnel overseeing the investment management of the fund are Thomas G. Scannell, director-pension investments; Joanne S. Welsh, manager-pension investments; and Nancy A. Nemeth, trust investments analyst.

State of Wisconsin Investment Board

	($ millions)
Total assets	22,790
Defined benefit	22,790
Employer DB contributions	709
Benefit payments	724
Internally managed assets:	
Total DB	21,179
Hedging devices used:	
Bond options	
Fixed-income futures	
Defined benefit asset mix:	
Stocks	52%
Fixed income	41%
Cash equivalents	1%
Real estate equity	3%
Mortgages	1%
LBO/venture capital	2%

MADISON, Wis. — As of Sept. 30, the State of Wisconsin Investment Board's total employee benefit assets increased 23.3% from a year earlier. All assets are defined benefit.

Equity managers: International — Capital Guardian; GE Investments; Mercator; Morgan Stanley.

Fixed-income managers: International — Alliance Capital; Deutsche Asset; Morgan Grenfell; Nomura.

The master custodian is Morgan Guaranty; the global custodian is Northern Trust.

Key personnel overseeing the investment management of the fund are Patricia Lipton, executive director, and James Severance, assistant executive director.

The International Bank for Reconstruction and Development (World Bank)

	($ millions)
Total assets	3,950
Defined benefit	3,950
Employer DB contributions	89
Benefit payments	74
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Short selling	
Defined benefit asset mix:	
Stocks	65.9%
Fixed income	26.2%
Cash equivalents	0.7%
Real estate equity	4.8%
Other	2.4%

WASHINGTON — As of Sept. 30, the total employee benefit assets of the International Bank for Reconstruction and Development (World Bank) increased 24.6% from a year earlier. All assets are defined benefit.

The master trustee is State Street Bank; the global custodians are State Street and Northern Trust; the investment consultant is Strategic Investment Partners.

Key personnel overseeing the investment management of the fund are Nestor V. Santiago, director-pension department, and Kelda Caldwell, chief-investment control unit.

X

Xerox Corp.

	($ millions)
Total assets*	3,780
Defined benefit	2,705
Total defined contribution	1,075
Employer DB contributions	6
Employer DC contribusions	13
*as of June 30, 1991	
Hedging devices used:	
Stock index futures	
Defined benefit asset mix:	
Stocks	63%
Fixed income	12%
Cash equivalents	10%
Real estate equity	8%
GICs/BICs	7%
Defined contribution asset mix:	
Company stock	3%
Other stock	18%
Fixed income	3%
GICs/BICs	69%
Cash equivalents	3%
Other	4%

STAMFORD, Conn. — As of June 30, Xerox Corp.'s total employee benefit assets increased 13.4% from Sept. 30, 1990. Defined benefit assets increased 18.3% during the same period; defined contribution assets increased 2.8%.

Equity managers: Domestic — Ardsley; Aster; Birmingham; Charter Oak; Cypress; Disciplined Investment; First Pacific; Freiss Associates; Geewax Terker; GeoCapital; Hellman Jordan; Pilgrim Baxter Greig; Quest; RCM; Schafer; Donald Smith; Sound Shore; Steinberg Asset; TCW; Trinity; Tweedy Brown; Westport; Westwood.

International — Arnhold and S. Bleichroeder; Capital Guardian; Grantham Mayo; Rowe Price Fleming.

Fixed-income managers: Domestic — Cypress; W.R. Huff; Jennison; RCM.

Real estate managers: JMB; RREEF; TCW.

Other managers: GE Investments; Horsley Keogh; TCW.

The master trustee and global custodian is State Street Bank; the investment consultants are Collins and Frank Russell.

Key personnel overseeing the investment management of the fund are Robert R. Evans, assistant treasurer; Mary Cahill, manager, trust investments; Gerald J. Paolini, manager-trust investment strategy; and Toni Hanna, trust investment analyst.

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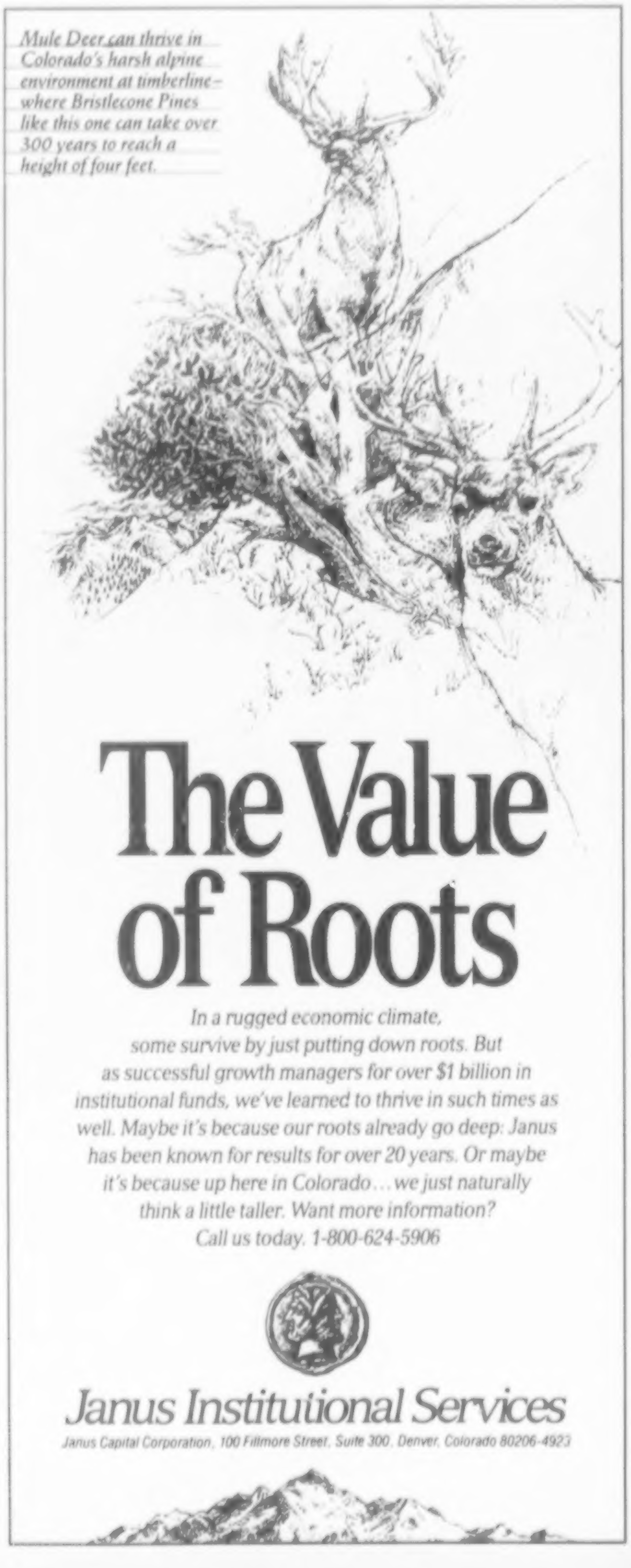

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Internal

Continued from page 17

been dramatic changes, said Lawrence Unrein, investment director.

Among the alternative investments AT&T manages internally are venture capital, natural resource investments and corporate finance investments.

Part of the increase in the alternative asset category was due to bringing assets in-house that had been managed externally, said Mr. Unrein.

Among *P&I*'s Top 200 pension funds, defined benefit assets managed internally increased 12% to nearly $549 billion from $490.4 billion.

Defined contribution assets managed internally by the Top 200 funds increased 25.4% to $161.2 billion from $128.5 billion

Most of the increase among both types of plans, however, is due to strong returns the equity and fixed-income sectors posted in 1991.

For the year ended Sept. 30, internally managed defined benefit equity assets decreased 5% when adjusted to market appreciation. Long-term fixed-income assets — the largest internally managed asset class among defined benefit plans — increased less than 1% when adjusted for market appreciation.

Among defined contribution plans, internally managed equity investments held steady after adjustment for market appreciation.

Internally managed defined contribution fixed-income assets decreased 31.1% on a market-adjusted basis. ■

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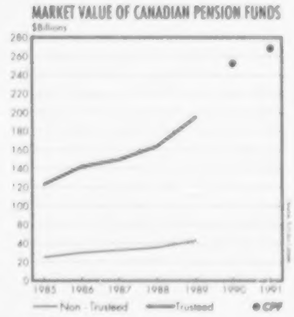

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Overseas

Continued from page 17

the market-adjusted gain was 55%.

Foreign bond holdings among defined contribution plans advanced 31.5% to $551 million, or 16.4% when adjusted for the returns from international markets. In the previous 12 months, the market-adjusted gain was 12½%.

Consultants cited a variety of reasons for the lower level of dollar outlays. The effects of "the (Persian Gulf) war were one reason, but I don't think it was the primary one," said Bobbie Parkhill, a principal with the consulting firm of Ennis, Knupp & Associates, Chicago. "I suspect many plan sponsors made initial international allocations over the previous two to three years and were attempting to let the dust settle and see how these investments turned out."

Solely on market gains, the $2.3 billion defined benefit fund of Owens-Illinois Inc., Toledo, Ohio, posted a 19.4% growth in its international equities holdings, which brought the international equities total to $383 million, said Ronald Boller, the company's director-benefit and risk finance. Some assets were extracted to pay for pension benefits, trimming the fund's international stock holdings to $361 million as of Sept. 30.

The fund, however, did add to its international bond outlays. Its foreign fixed-income holdings rose to $102 million from $71 million as of Sept. 30, 1990. To handle its additional foreign bond investments, the fund hired the London office of Fischer Francis Trees & Watts Inc. early in 1991.

Also among the funds making initial international investments in 1991 was the $4.3 billion Louisiana Teachers' Retirement System. As of Sept. 30, the fund had invested $100 million in foreign stocks and $10 million in foreign bonds. The latter was done at the request of a domestic fixed income manager — New York-based Scudder, Stevens & Clark — "with expertise in foreign bonds who asked for the authority to invest a certain percent overseas," said Jennifer Netterville, the fund's investment officer.

Diversification was the main motive behind the foreign stock investments. The fund also saw the allocation as a way to expand overall equity holdings. A 1990 asset allocation study had "pointed to the desire for more equities and for foreign investments," said Ms. Netterville, who added the fund is targeting a 55% equities exposure. Total stocks now comprise about 42%.

The fund hired Scudder, Stevens & Clark and Batterymarch Financial Management, Boston, giving them each $50 million for broad international equity assignments. With its 10% target for international stock holdings, the fund plans to expand its foreign holdings over time, said Ms. Netterville.

The New Jersey Division of Investments made a substantial plunge into foreign bond investments for its $31 billion defined benefit fund. Given the fund's South Africa-free investing requirements, its decision to begin abroad with foreign bonds was the "easiest way to establish an international investing culture here . . . we could move right into the markets," said Deputy Director Anthony Arcuni. This year, however, the division expects to begin foreign stock investing.

With foreign bonds, the division invests in government securities and international agency issues. It manages these and all of its investments in-house. Mr. Arcuni said the division was "satisfied with the results of these investments during calendar year 1991." Compared with international stocks, foreign "fixed income was clearly the place to be" last year.

While executives of the $1.9 billion Missouri State Employees' Retirement System last summer approved a 5% allocation for international equities, it never was funded. Fund officials are hoping a highly restrictive South Africa-free investing law scheduled to take effect in September will be repealed.

"Rather than investing for 18 months, knowing that we couldn't continue (with the international investing program), we said we'd wait and see what happens" about the South Africa-free law, explained M. Steve Yoakum, the fund's executive director.

He said a bill that would repeal the South Africa-free investing requirements has been introduced into the Missouri Legislature. ■

Indexing

Continued from page 18

in the city comptroller's office.

"We indexed to the Russell 3000 to get a broad representation from the equity market," said Candace Cox of the comptroller's office investment strategy group. She said that with institutions the size of the teachers' fund, indexing will continue to play a major role.

However, Ron Jones, a partner with Hewitt Associates, Lincolnshire, Ill., said the strong growth might level off because of the strong performance of active managers. More than half of active managers outperformed the S&P 500, the nameplate index, in calendar 1991.

"My guess is that indexing will continue to grow but at a decelerating rate," he said.

"The performance factor (for using indexing) is going to be a little less important."

Mr. Jones said, however, the proliferation of new indexing techniques makes indexing a lasting strategy, no matter how good active management performance is.

"Indexing today just doesn't mean the S&P 500," he said. "The widening range of index alternatives means that indexing has more staying power. It will continue to be a large factor, though the S&P will be a little less hot."

The number of the Top 200 funds using indexing grew during the year ended Sept. 30. Among the Top 200 with defined benefit plans, 122 used equity indexing, up from 112 the year before. Another 52 reported using bond indexing, up from 46 the year before.

Among plans with defined contribution assets, 58 reported using equity indexing as of Sept. 30, up from 49 the year before, while 10 reported bond indexing, compared with nine a year earlier.

Among defined benefit plans, indexing by the Top 200 funds grew a revised 30.4% to $277 billion. Defined contribution plans' indexing jumped 43%, to $40.2 billion as of Sept. 30

According to Dano Bartolai, principal with William M. Mercer Inc., Chicago, indexing in the fast-growing defined contribution market is very attractive because the investments are marked to market, are cheap and are "really easy to communicate to employees." ■

Rankings

Continued from page 18

cause we have separated that decision and can demonstrate that we have done that, it has helped" win new clients.

"Most people sophisticated enough to go international are sophisticated enough to understand currency risk," said Capital Guardian's Mr. Ronus. "A lot of them went international in 1985, deliberately enhancing their non-dollar exposure, but once the dollar went down, people got more concerned," he said.

"Clearly with the dollar at this low level, we're watching it very closely," Mr. Ronus said. "A big concern is the low interest rates," he explained. "That attracts capital out of the U.S. dollar and it makes the cost of hedging higher."

Interestingly, lower interest rates also prompted new requirements placed on domestic bond managers by fund sponsors, managers said.

"Funds are tending to specify more in terms of their durational bogies," said William H. Gross, managing director at Pacific Investment Management Co., Newport Beach, Calif. PIMCO this year was the top domestic bond manager, mentioned 25 times by pension fund executives.

"It's this fear that if interest rates dropped, their liability stream would increase rapidly because the discount rate dropped and then they would want to match that," he explained, adding, "That's certainly been the correct assumption."

Patricia Dunn, president of Wells Fargo Nikko Investment Advisors, San Francisco, also pointed to specific durational requirements as "a sort of new requirement in 1991." Wells Fargo Nikko, an index fund manager, was the second most cited manager overall, the top manager in domestic equities and No. 4 in domestic bonds, tying there with Mellon Bank, Pittsburgh.

"On the fixed-income side we've added a lot in new business this year," she said. "It reflects a product strategy that we put into place in 1990 that takes the U.S. bond market and breaks it down into its meaningful modules (such as long Treasuries, short corporates, intermediate corporates, etc.) and then permits investors to tailor investments to their needs," Ms. Dunn said.

She explained that the increased concern with meeting durational targets has been part of the trend that drew in new business in 1991.

"There's a customization (in the Wells Fargo funds) that allows the plan sponsor to tailor their fixed-income (investments) to their desired duration," she said.

As far as equity investment goes, Ms. Dunn said she had seen increased interest in small-cap indexing in 1991. "I guess anything beyond the S&P 500 performed well, and those are the areas of most current interest," she said.

Ms. Dunn also pointed to the increasing interest in global investing. Although her firm ranked at the top in domestic equities according to the *P&I* survey, Ms. Dunn said her firm expanded mostly in international assignments in 1991.

P&I's rankings of most-hired money managers was compiled by asking the top 200 pension funds for lists of their money managers in each asset class. If a manager is hired by a fund in more than one asset class, each mention counts in the overall ranking. ■

Leading index fund managers

($ millions)

Company	Total	Domestic equity	Domestic fixed income	Int'l equity	Int'l fixed income
Wells Fargo Nikko	102,002	62,100	29,300	10,500	102
Bankers Trust	66,611	51,400	10,000	4,800	411
State Street *	33,000	19,200	2,300	11,200	300
Mellon Capital	30,846	24,136	6,111	599	0
ANB	13,752	11,247	1,769	736	0
PanAgora	10,751	6,511	3,151	1,054	35
Alliance	10,128	9,000	28	1,100	0
Mellon Bond	7,900	0	7,900	0	0
Lincoln Capital	7,900	0	7,900	0	0
Vanguard	6,875	5,810	830	235	0
GE Investment	6,950	6,950	0	0	0
Dimensional Fund	5,834	4,200	844	758	32
Wilshire	5,700	5,700	0	0	0
Manufacturers National	4,831	3,965	57	809	0
Pacific Investment	4,300	1,400	2,900	0	0
T. Rowe Price	4,260	750	3,065	0	445
UBS (Chase)	3,100	1,800	800	500	0
Northern Trust	2,434	2,032	380	0	22
First Wisconsin	2,105	160	1,945	0	0
PDI	2,080	1,828	0	252	0
BEA **	1,746	1,746	0	0	0
Travelers	1,741	978	360	373	30
Advanced Investment	1,614	1,600	14	0	0
Ryan Labs	1,600	0	1,600	0	0
Prudential Fixed	1,570	0	1,570	0	0
Boston International	1,450	0	0	1,450	0
Putnam **	1,428	0	1,428	0	0
Chancellor Capital **	1,237	1,035	169	33	0
Axe Core	1,151	829	0	322	0
Sears	1,146	1,100	0	46	0
CIGNA **	1,121	1,081	40	0	0
Security Capital	1,088	0	903	0	185
Aetna Life **	1,092	573	158	361	0
Atlantic Portfolio	1,006	0	1,006	0	0
Fidelity	903	844	59	0	0
Lehman Ark *	974	0	974	0	0
NCNB - Texas	831	831	0	0	0
WR Lazard	806	0	806	0	0
AMR Capital	780	780	0	0	0
Boatmen's	730	605	125	0	0
Mitchell Hutchins	730	119	611	0	0
Harris Trust ***	475	475	0	0	0
Old Kent	462	462	0	0	0
Associated Capital	420	307	113	0	0
Nikko Capital	418	172	0	246	0
Bear Stearns	376	0	376	0	0
NBD *	355	355	0	0	0
Monitor Capital ***	333	180	108	45	0
Todd Investment	285	0	285	0	0
Rushmore	230	230	0	0	0
Metropolitan Life	218	218	0	0	0
RhumbLine	89	43	0	46	0
TOTAL	358,781	231,696	89,765	35,765	1,562

* As of Sept. 30 ** As of Dec. 31 *** As of May 31

KIMBERLY MARY

Growth in indexing slows dramatically

By Fred Williams

The major long-term flow of assets into index funds slowed greatly during the six months ended Dec. 1.

Total indexed assets for the 52 leading index fund managers surveyed by *Pensions & Investments* increased 4.9% to $358.8 billion from $342 billion May 31. But the rate of growth was far below the more than 25% increase experienced during the previous six-month period.

As in previous periods, international equity indexing continued to show the highest level of asset gains. International equity indexed assets were up 11%, to $35.765 billion, compared with a more than 35% increase in the previous period. Adjusted for the −2.8% decline in the Morgan Stanley Capital International Europe Australia Far East Index, international equity indexing showed even better gains, up by 14% as of Dec. 1, indicating continued strong demand for international equities.

Industry sources believe the high level of interest in international indexing is primarily from midsize pension funds trying to gain access to international stocks without going through the process of finding a specialized international manager.

Domestic equity indexing growth levels stayed fairly even. Total indexed domestic equity assets grew a minute 3% to $231.7 billion for the six months. When adjusted for the −2.2% drop in the Standard & Poor's 500 Stock Index for the period, domestic equity indexed assets were up 5.3%. For the six months ended May 31, domestic equity indexed assets had increased a market adjusted 5.8%.

Domestic equity indexing is expected to remain popular among plan sponsors, who view the process as a low-cost option to active management, according to pension consultants. J. Gregg Buckalew, consultant with Wyatt Asset Services Inc., Atlanta, said equity indexing is gaining popularity by plans as a core portfolio around which they build active equity strategies.

On the fixed-income side, domestic fixed-income assets increased 7.5% to $89.8 billion. Adjusted for the 7.64% rise in the Lehman Brothers Government/Corporate Bond Index for the period, domestic fixed-income assets dropped minimally, 0.2%.

International fixed-income assets increased 16.7% to $1.562 billion, or a market adjusted 6.2% increase. The Salomon Brothers World Government Bond Index was up 9.89% for the six months ended Dec. 1.

Wells Fargo Nikko Investment Advisors, San Francisco, retained its position as the largest index fund manager, and became the first index manager surveyed to surpass $100 billion in assets, reporting $102 billion.

Industry observers were caught off guard by the apparent slowing of overall index fund growth.

Mr. Buckalew said he could not account for the slowdown, claiming indexing remains a popular core equity holding and is a low-cost method of matching the market return on a portion of portfolio assets.

The continued strong interest in international indexing, however, was not surprising. Consultants and managers believe this trend will continue.

Carol Zipkin, senior vice president at Alliance Capital Management L.P., New York, said there is strong interest in international indexing by plan sponsors "looking to get their feet wet in international equities."

In addition, she said, there is interest by offshore investors, primarily in Canada and Australia, in both generic and enhanced index products.

Mr. Buckalew said most of the growth in international equity indexing is by small to midsize pension plans interested in entering the international markets and that larger and more experienced plans "are probably not as inclined to stick with indexing and are more interested in active management of international stocks."

He said the interest by offshore investors in enhanced domestic equity indexing is probably the same philosophy in reverse as U.S. investors not familiar with the foreign equity markets opting to buy "the market" as a way to gain exposure.

Several index fund managers said interest has been running high in enhanced indexed products in which futures and options are used to boost the returns on indexed assets.

J.D. Nelson, chief investment officer at RhumbLine Advisors Corp., Boston, said investors receive 75 to 80 basis points over a straight equity index by using enhanced indexing.

"Enhanced products are really where the (index) industry as a whole is going," he said. "Very few people are talking about straight indexes now. If they are, they will probably do it internally. An enhanced index is closer to active management but it is still passive."

Mr. Buckalew said while enhanced indexes can provide a higher return, the fees also might be higher.

"I can't verify any trend away from replication indexes; however, enhanced indexing jumps fees up substantially, less than active management but a good deal more than for a replication index," he said.

Nicholas A. Lopardo, chief investment officer at State Street Bank and Trust Co., Boston, and Mr. Buckalew expect strong and growing interest in extended equity indexes such as the medium-capitalization indexes.

"We see great hopes for that concept in 1992 and beyond," said Mr. Lopardo.

Mr. Buckalew said: "We will see some very nice returns in both the short and long term in medium-capitalization indexes; it is an important new area for investment money." ■

Hirings is a section that details the appointments of money management firms for tax-exempt funds.

• It appears in each issue of *Pensions & Investments*.

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Lens

Continued from page 3

the fund typically would hold less than 5% but up to 20% of a company's stock — could help enhance shareholder values. Mr. Monks said the presence of long-term investors such as Warren Buffet can buoy a company's stock value.

"By increasing the accountability of management to shareholders, the Lens (Fund) expects to generate value for all equity investors," the fund's prospectus said.

Mr. Monks also asserted — and observers agreed — the large amount of investment in index strategies has created new opportunities for investors. Thus, he is targeting major public funds with substantial equity index holdings as potential clients. The Lens Fund gives them the chance to enhance value with the "rotten apples" held in their index funds, he said.

For a $20 billion to $25 billion public pension fund with $10 billion of its assets held in indexed stocks, a $200 million commitment is "minuscule," Mr. Monks said.

Institutional Shareholder Partners Inc., the Washington-based shareholder advocacy firm of which Mr. Monks is president, is the Lens fund's general partner and has committed $10 million to the fund.

The Lens Fund could exert a powerful influence at targeted companies through its investments, other shares held by Lens participants and support of other shareholders.

Observers deem the participation of the $66 billion California Public Employees' Retirement System, Sacramento, crucial to the Lens Fund's success. Richard Koppes, general counsel of the California fund, which is a long-time ally and client of Mr. Monks, said the Lens Fund is "a valid idea," but declined to comment further because the pension fund is reviewing the vehicle.

The Lens Fund's investment adviser, Batterymarch Financial Management, Boston, has developed a universe of 150 large, underperforming stocks, winnowed from 1,000 stocks by nine quantitative screens, including the five-, three- and one-year relative returns, return on equity and institutional ownership. Batterymarch also employs screens known as "acid cash," a measure of whether a company generates or consumes cash, and "strategic momentum," to determine whether the company is about to turn around.

Surviving companies then are evaluated for having a defensive, inward-looking culture, signs of management entrenchment or evidence of management incompetence.

Topping the list of potential targets is **Champion International Corp.** Other companies include: **Scott Paper Co.**; **Sears, Roebuck & Co.**; **Chrysler Corp.**; **Tenneco Inc.**; **Chase Manhattan Corp.**; **Mead Corp.**; **TRW Inc.**; and **American Express Co.**

Active investments will be made in no more than two stocks at a time, with the final choices handpicked. Some industry professionals question whether the fund would be adequately diversified, but Mr. Monks said investments would have to be viewed in the context of an investor's overall stock holdings.

While Mr. Monks said the goal of the fund would be to align the interests of management and shareholders, some observers doubted the fund's claim that it would be neither friendly nor hostile to management.

Given Mr. Monks' history in taking on corporate management and his penchant for publicity, some sources said corporate managers would view any investment by the fund as hostile. Mr. Monks' efforts at assisting Dallas investor Harold Simmons in his challenge to Lockheed Corp. in 1990 and Mr. Monks' recent attempts to gain a board seat at Sears have made him a pariah with some corporate executives.

"If I were a corporate management and had him buy in, I'd be terrified," one investment banking source said.

But practical concerns also affect funds that seek to go in on a friendly basis.

Allied Investment Partners will rely on four chief executives to sit on the boards of portfolio companies, including H. Brewster Atwater Jr., chairman and chief executive officer of General Mills Inc., Minneapolis. Sources questioned whether Allied Investment Partners would find many managements willing to invite in corporate executives to steer them in the right direction. "Most of the managers I know who are running poorly performing companies tend to be more insecure than managers of better-performing companies," said Mr. Jacobs, the author.

TOM REED

Robert A.G. Monks wants to raise a total of $1 billion from public funds to acquire minority stakes in poor-performing companies.

Some also asked how Mr. Atwater and the other three corporate executives he's recruiting to serve on portfolio company boards would have the time to help turn the companies around.

Ned Whitney, managing director of corporate finance at Dillon, Read, said the fund will be seeking undervalued companies that already have a sound business strategy and management team in place. Mr. Whitney also said the chief executives are all used to juggling a number of responsibilities.

Some also questioned the effectiveness of Corporate Partners in finding investments, although that fund searches for good management that needs long-term capital.

"If a company isn't under a (takeover) threat, it's a rare situation where a board or company is going to admit they need money or direction," said Herbert Denton, president of Providence Capital, a New York-based investment banking firm.

Jonathan Kagan, managing director for Corporate Partners, said the pool has invested $900 million in six companies, only one of which — Polaroid Corp. — involved a takeover threat. He added high equity values have slowed efforts to make additional investments.

Another problem for such funds is that it's "hard to measure the impact of good governance with total returns" and the lengthy time commitment involved, Mr. Denton said.

Despite the problems, many think the time might be ripe for such vehicles. "It makes sense simply because shareholders are supposed to be owners," said Sarah Teslik, executive director of the Council of Institutional Investors, Washington. ■

Funds

Continued from page 1

With pension funds maturing, that will continue to go up."

He added some fund executives might have moved into bonds because they anticipated the big drop in interest rates. Bond returns, as measured by the Salomon Broad Investment Grade Bond Index were 16% for the year ended Sept. 30.

Interest in international investing by the Top 200 funds continued to grow — by 49% to $68.2 billion among defined benefit plans as of Sept. 30. International equity assets increased 50% and international fixed income, 51%.

The international equity market underperformed the U.S. market while overseas bond markets outperformed domestic ones.

When adjusted for market appreciation, international equity assets grew 23%, and international fixed-income assets grew 28% among defined benefit plans in the Top 200.

"Though the market appreciation for international equity was not as high as the S&P, the net flow to international market is greater than to the domestic market," Wilshire's Mr. Nesbitt said.

Indexed stocks and bonds continued to grow, but "indexing is not the rage it once was," Mr. Peyton said. Although assets in equity indexing among the Top 200 defined benefit plans grew 36.7% to $200 billion, the market-adjusted growth was 4%. Growth in indexed bonds equaled the bond market's appreciation for the year.

Alternative investments such as venture capital, leveraged buy-outs, private placements and oil and gas "were pretty dead in 1991" said Mr. Peyton.

Assets allocated to venture capital by the defined benefit plans of the Top 200 funds grew to $5.9 billion as of Sept. 30 from $5 billion a year earlier; leveraged buy-outs, to $6.9 billion from $5.7 billion; and private placements, to $10.7 billion from $10.5 billion. Oil and gas lost 11.1% to $800 million from $900 million.

"1991 was a tough year for private equity," said Gary Robertson, an investment consultant specializing in alternative investments at Callan. "There's a lot of romance, but not a lot of marriages."

Pension executives are interested in alternative investments, Mr. Robertson said, but use of them is stymied by corporate concerns about liquidity and public funds' tendency to be more conservative investors.

Real estate equity assets grew 1% to $50.6 billion, despite negative returns for the Russell-NCREIF Property Index. The index returned −2.3%. Consultants said much of the new money went to opportunistic funds.

Mortgages dropped 9.6% to $21.6 billion. Mr. Nesbitt was surprised at the decline: "We've seen significant positive growth in mortgages."

J.P. Morgan's Mr. Schappert agreed, speculating basic concerns about the real estate market, coupled with credit problems and declining interest rates (which expose investors to prepayment risk) might have contributed to the decline.

Among the largest 200 pension funds, total assets grew 18% to $1.67 trillion. Top 200 defined benefit plans gained 17%, to $1.316 trillion, but assets actually declined more than 2% when adjusted for market appreciation. Top 200 defined contribution plans grew 22% to $332 billion, or 5.7% above market appreciation.

Public funds in the Top 200 recorded the largest growth, 22%, vs. 12% for corporate funds. "Public funds are the only ones making contributions," Mr. Peyton noted. In addition, the public sector has added more employees — and therefore more plan participants — than the corporate sector. ■

GICs

Continued from page 2

and other insurance companies. GAPPA is asking them "to assist us in dealing with" the American Council of Life Insurance and the National Organization of Life and Health Guaranty Associations, Mr. Corcoran said.

NOLHGA has not been moving very quickly to resolve the situation, he noted.

Holders of Executive Life's GICs will get only 72 cents on the dollar under the current reorganization plan. Minnesota will pay the extra 28 cents for the GICs in the accounts of state residents.

Pension executives were heartened by the Minnesota board's move because other states might follow its lead, preventing huge losses for their pension plans.

"We're hoping others will sit up and take notice," said one pension executive whose plan holds Executive Life GICs.

The legal question is whether the GICs bought by pension funds qualify as so-called allocated contracts, which are guaranteed by the states. Life insurance policies are accepted as allocated contracts, for example, while the First Executive municipal GICs have been held by the industry to be unallocated contracts. The municipal GICs were issued by municipal agencies, not Executive Life, but the proceeds went directly into funding agreements at Executive Life. Pension funds did not invest in the municipal contracts.

"The pension GICs are allocated contracts that deal with individuals," Mr. Corcoran maintains. "The position of the (insurance) industry is that individuals are not involved. That's not true about the pension GICs. The pension GICs are clearly individual investment products and should be covered."

Eden Sarfati, president of NOLHGA, was unavailable for comment.

By deciding to make up the cost difference, the Minnesota board in effect is treating the pension GICs as allocated contracts.

Minnesota's decision to make up the shortfall will cost the state at least $60 million based on the GIC holdings of residents working for Honeywell Inc., Minneapolis, and Unisys Corp., Blue Bell, Pa., alone, according to the Minnesota Department of Commerce.

Minnesota officials don't have a total figure yet. ■

Firm creates new insurer ratings

NEW YORK — Fitch Investors Services Inc. is offering "a new approach" to analyzing and rating life insurance companies that it thinks will help restore confidence in credit ratings.

Rating agencies were embarrassed in 1991 when highly rated First Executive Life Insurance Co. and Mutual Benefit Life Insurance Co. both took a powder and were taken over by state regulators. And with the subsequent pell-mell downgrading of insurance companies in the spring and summer, the insurance industry's popular guaranteed investment contracts have taken a beating.

Enter New York-based Fitch and its new ratings service. Fitch says its new style would take a more detailed look at both the asset and liability sides of insurer balance sheets and give a more credible rating than had been done before. It would even hire outside experts to look at particular parts of the portfolio — like commercial real estate.

"Life insurance companies have been one of the hardest of the financial services to analyze," said Neil Barron, Fitch chief counsel.

Insurance analysts for money managers agree Fitch's approach has merit. "If they can do exactly what they are planning to do, it can definitely add value," said Steve Zonca, manager of credit analysis for Certus Financial Corp., San Francisco.

"I would consider it to be a very detailed understanding. I welcome it," said Christopher Holmen, senior investment analyst for Morley Capital Management, Lake Oswego, Ore., the nation's largest GIC manager. "The insurance industry is still a very strong industry. This would be able to demonstrate how strong it is."

The willingness of insurers to pay for this new ratings approach is the key to the success of the service, Mr. Barron said. ■

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Bush courts pension funds for recovery

Budget seeks to aid realty, assist PBGC

By Joel Chernoff

WASHINGTON — President Bush wants pension funds to buy more real estate, including distressed Resolution Trust Corp. properties — and has proposed legislative changes to encourage them.

The president's 1993 budget proposal, which would eliminate imposition of unrelated business income tax on certain real estate investments, could open the door to some deals that now are not economically viable for tax-exempt investors. But experts did not expect a flood of new pension money going into the real estate market, especially given its weak condition.

Jim Kaitz, vice president of governmental relations, the Financial Executives Institute, Washington, said: "It would be unrealistic to think there would be billions of dollars flowing into real estate."

John Powell, first vice president, The Balcor Co., Skokie, Ill., said elimination of the tax "might create some opportunities down the road for pension funds, but I don't think that will happen over night."

In addition, industry sources said they hope the administration will back other rule changes affecting pension fund investments in real estate investment trusts, providing a potential major source of liquidity for the real estate market.

Separately, the president also asked for sweeping reforms to aid the deficit-ridden Pension Benefit Guaranty Corp. The president wants Congress to toughen minimum funding rules, freeze PBGC guarantees for chronically underfunded plans and enhance the agency's claims in bankruptcy situations.

The administration also proposed switching the PBGC's accounting method for purposes of the federal budget to an accrual method from cash. The net effect will be to swell the PBGC's deficit by some $18.5 billion during the next five years, providing what PBGC Executive Director James Lockhart termed a "truer picture" of the agency's financial health.

But the change also would permit the administration to take into account future revenue it would obtain from proposed legislative changes, thus offsetting

See **Budget** *on page 25*

AP/WIDE WORLD PHOTOS

President Bush wants to make it easier for pension funds to invest in real estate without incurring a tax hit.

Some skeptical, others applaud

By Hillary Durgin and Fred Williams

Pension executives and money managers graded President Bush's State of the Union message no better than a B minus overall.

Some pension executives said the address was short on substantive proposals reflecting a long-term vision.

But money managers generally praised the package, which they felt could help to invigorate the economy and the moribund real estate market in particular.

"I think I'd score him A in delivery and C minus in substance," said John B. Carroll, president of GTE Investment Management Corp., which oversees Stamford, Conn.-based GTE Corp.'s pension plan. "I didn't hear a program."

"It's another case of government being short-term oriented," he said. "Very often government looks at corporate America and says, 'You're being too short-term oriented.' They should walk the way they talk."

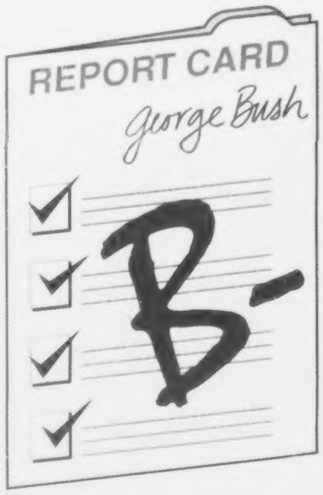
Most money managers strongly support the president's proposed cut in the capital gains tax rate as a way to lead the economy out of recession by stimulating investment and creating new jobs. In addition, the investment management community views the administration's proposals as a boon for the housing industry and a bust for the defense industry.

But given uncertainty over whether Congress will approve some of the president's key proposals — particularly in a highly charged election year environment — investment managers and pension executives are skeptical as to whether the president's program can be realized.

"Yes, he has put forward a number of things which, if adopted intact, will provide a decent amount of fiscal stimulus," said Jeff Schoenfeld, manager, liquidity funds at Brown Brothers Harriman & Co., New York. "But a number of things he proposed are controversial and may not be adopted, such as the cut in capital gains taxes."

Money managers interviewed by *Pensions & Investments* believe the capital gains tax cut will be passed eventually — in some form — this year.

Some pension executives, concerned the administration and Congress might use rash short-term measures to solve long-term problems, expressed caution as to whether battle-scale action is in fact necessary.



"One of the larger concerns we have is that they do something out of a sense of panic," said Roland M. Machold, director of the State of New Jersey Division of Investment, who described President Bush's proposals as a package of "marginal-type programs."

"It does intend to create an appearance rather than a reality," he said of the president's speech. "It's a C as to the distinction between what the speech said and what it actually does."

The Federal Reserve's sharp reduction in interest rates last year will have a far greater impact on the economy than the president's proposals to cut the capital gains

See **Bush** *on page 28*

AT DEADLINE

California fund names exec

James Burton has become the assistant executive officer for investment operations at the California Public Employees' Retirement System, replacing Basil Schwan.

Mr. Burton had been deputy state controller, advising the controller on pension matters and frequently representing him at various boards, commissions and authorities, including the California fund's board.

Mr. Burton will be replaced by Fred Buenrostro legal counsel for State Treasurer Kathleen Brown.

Washington taps Wilshire

The $15.5 billion Washington State Investment Board has hired Wilshire Associates as consultant, replacing the Frank Russell Co.

Standards endorsed

The board of governors of the Association for Investment Management and Research has endorsed a plan to standardize investment performance measurement and reporting by its 23,000 members.

According to the AIMR, the standards will promote uniform "consistent, fair and unbiased" disclosure of investment management results to clients. The standards will be required by Jan. 1, 1993.

DOL sues on annuity choice

The Labor Department sued

Continued on page 30

Hot market boosts pension surpluses

By Margaret Price

The recently rocketing stock market has fattened the surpluses of many corporate pension funds, postponing the day their sponsors will have to resume contributions.

To keep the pension surpluses intact, more funds are expected to embrace higher stock allocations and/or the use of equity-oriented strategies. Traditional surplus strategies, such as immunized bond portfolios, have lost some of their appeal with the drop in interest rates.

"The classic, absolute safe harbor for a fund is immunized bonds that would involve long-duration bonds. I don't see that as an attractive alternative for funds today," said Lawrence Bader, vice president at Salomon Brothers Inc., New York.

Buoyed by a year-end rally sparked by the Federal Reserve Board's Dec. 20 one-point cut in the discount rate, the Standard & Poor's 500 Stock Index posted a 30.45% gain for 1991. The bond market also performed well last year: the Shearson Lehman Brothers Government/Corporate Bond Index returned 16.13%.

Lower interest rates generally mean a higher present value for a pension fund's accumulated benefit obligation, requiring the fund to set aside more money today to cover the future value of benefits. Market gains, however, have more than offset the increase in liabilities.

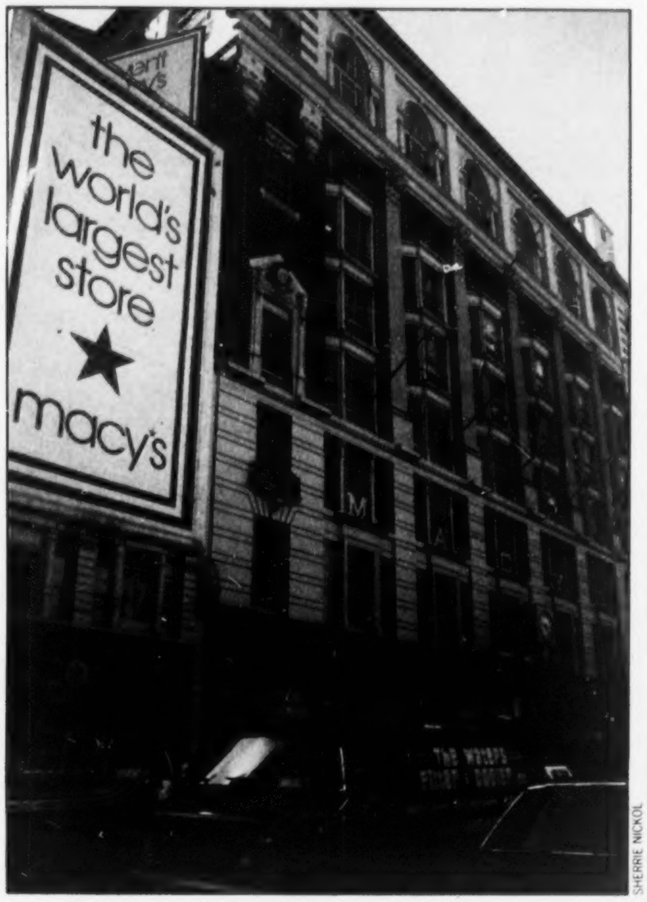
During 1991, the Morgan Stanley Pension Surplus Index gained about six percentage points to 145.18%. As of Jan. 22, pension surpluses had expanded further, as both stock prices and interest rates rose in the earliest weeks of the year.

Before this winter's stock market surge, many investors had lowered their expectations for equity returns, leading some executives to think companies might have to resume contributions to pension funds in the near future.

But, the market's recent roar has eased at least some corporations' concerns about pension funding: With the market's surge, funds "could show returns of over 20% overall for 1991," said Gary Pines, a vice president in the Chicago office of TPF&C. "This nice

See **Surplus** *on page 30*

NEWS DIGEST



SHERRIE NICKOL

R.H. Macy & Co.'s more than $300 million defined benefit plan is being reviewed by the Pension Benefit Guaranty Corp. following the retailer's Chapter 11 filing. Page 19.

New Jersey and Colorado officials look to their state pension funds for budget help, but system executives want management improvements in exchange. Page 4.

SPECIAL REPORT: MANAGER SCOREBOARD

***Pensions & Investments* reveals** which investment management firms took the biggest strides in adding net new business last year. Page 15.

FINANCING

General Motors' convertible stock issue drew perplexed looks from investors, who are unsure whether it's a value or growth investment. Page 2.

INTERNATIONAL

Managers with foreign capabilities remained popular among tax-exempt funds. Page 15.

REAL ESTATE

GE Investments said New York City's economy was part of the reason it put properties in Chapter 11. Page 3.

David Glickman has resigned as president of Heitman Advisory to spend more time with his family. Page 6.

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The cover of our Jan. 20 issue, "The 1,000 Largest Pension Funds," was illustrated by Douglas C. Klauba

GM's issue bewildering

Investors uncertain if it's a value or growth stock

By Margaret Price and Terry Williams

General Motors Corp.'s plan to issue stock convertible into shares of its Electronic Data Systems Corp. unit has some investors confused.

Institutional investors are uncertain as to whether they should consider the new issues a growth or value investment — GM is viewed as a cyclical, value stock while EDS is considered a growth stock. The investors also are unsure whether they ought to invest in EDS stock in this indirect manner.

Last week, GM said it planned to raise $750 million for general corporate purposes by issuing a new class of GM preferred stock (Series C) convertible at a premium into class E common stock of its EDS unit. While the convertibility feature is expected to prove enticing, providing the final terms of the issue are attractive, investors still need to sort out what kind of an investment they would be making. That aspect gives some investors pause.

"We own GM because we think it is an undervalued security whose earnings potential three years out represents very good value," said William Clarkin, vice president-investments, RCB Trust Co., Stamford, Conn. "EDS would be considered more of a growth stock with its strong (price-earnings ratio) and types of (technological) businesses it's in. We're not saying that EDS' stock is not a good value, but that different decisions are involved."

FINANCING

While Mr. Clarkin wouldn't say whether RCB Trust would be participating in GM's new stock issuance, he did say the firm "continues to be more attracted to value issues," which it expects to "be the better performers over the next 12 months."

Jon F. Holsteen, president of Chicago Asset Management Co., said his firm owns GM stock "for the expected recovery" in the automobile industry, not for any convertibility features of a stock offering. Chicago Asset already has a "full-sized weighting" in GM stock in its portfolios and isn't planning investments in EDS, he said.

Alan Bond, chief investment officer of Bond/Procope Capital Management, New York, considers the GM offering "a good deal. Growth stocks have done well over the last three years. The appreciation opportunity of growth stocks in the near term is far more significant" than value stocks, said Mr. Bond, who expects buyers of the convertible GM stock will be able to pick up the class E stock cheaply.

Many analysts applauded GM's move, its third offering of preference shares within the past 12 months, as a sound business decision in light of the troubled company's urgent need to raise cash for operations. By tying the stock offering to EDS with its record profits, GM should enhance the

See **Stock** *on page 26*

Pru shutters Matrix Capital

Defections doom TAA subsidiary

By Curtis Vosti

Matrix Capital Management, Greenwich, Conn., is being shut down by its parent, Prudential Asset Management Co., because of client and personnel defections from the tactical asset allocation firm.

Prudential hopes to retain Matrix's few equity accounts through a new subsidiary — The Quasar Group — that opened in January. The new firm will seek to take advantage of Matrix's strong equity showing, between 150 and 250 basis points above the strong 30.5% Standard & Poor's 500 Stock Index return for 1991, according to Prudential spokesman Tim Biggs.

Matrix had $350 million under management from eight clients as of Jan. 1, a slide from the $696 million and 18 clients it reported to *Pensions & Investments* as of Jan. 1, 1991. Mr. Biggs said about $30 million of the loss in assets was due to the transfer of one unidentified fixed-income client to another Prudential subsidiary.

While Prudential still will offer TAA management through its Prudential Diversified Investment Strategies subsidiary, its executives no longer think the strategy is attractive enough to warrant a separate subsidiary.

"The bloom is really off the rose" in tactical asset allocation, said Randy Hood, former managing director of Matrix, who will move to Prudential Investment Corp. when Matrix closes at the end of the first quarter.

Matrix was launched in 1986, and its modeling for TAA blossomed following the 1987 market crash.

In July, three key executives — President Michael Petrino, Managing Director Hugh Neuburger and Marketing Director E. Clarissa Moore — left the firm over a difference of opinion about the future direction of Matrix. The three set up their own TAA firm — Petrino, Neuburger and Moore, Norwalk, Conn. — which opened in January and is focusing on global tactical asset allocation.

Messrs. Hood and Biggs admitted the departures hurt Matrix, but said the client and asset losses were due more to poor performance and a slackening of client interest in TAA management.

Mr. Biggs said Matrix's TAA strategy returned 73 basis points less than its undisclosed bogey for the year ended Sept. 30.

The median performance of the 28 TAA managers in the DeMarche Associates Inc. universe was 26.86% for the year ended Sept. 30, and the bogey of the Carmack Group TAA universe

See **Matrix** *on page 26*

Baseball pitch intrigues funds

By Curtis Vosti

If the rhubarb over the Nintendo Co. offer for the Seattle Mariners ends up foiling the $100 million bid, look homeward, baseball fans.

A quick look at *Pensions & Investments*' Jan. 20 profile of the largest U.S. pension funds indicates that matching the offer would entail, at most, a mere 5% investment by any of 185 U.S. pension funds, including three from the state of Washington. Many have more than that lying around in cash.

Venture capital anyone? Some think a baseball investment could be a home run.

"Why not?" said Len Chaikind, former plan sponsor and now founder of Institutional Investors Consulting Co. in Houston. "A public pension fund in Houston has invested in golf courses."

"Private investing is going to be the hottest thing for pension funds in the next 10 years," he said. "I don't think there's any legitimate business that isn't fair game for pensions, as long as they do their due-diligence," he said.

While the owner of the Mariners says he is losing money on a year-to-year basis, the $77 million he paid for the team in 1989 is now worth $100 million — about an 11% compound annual return.

"Maybe the public plans could rationalize it on the grounds it would be good for the local economy," said Alan Briller, investment consultant and fiduciary for the $10.8 billion Western Conference of Teamsters Pension Trust, based in Seattle but representing teamsters in all states from Colorado west.

"It's not a bad investment," said Roger Howeiller, executive director of the $650 million Seattle City Employees' Retirement System. "But $100 million would be way too big for us."

But not so for the $15.6 billion Washington State Investment Board. Basil Schwan, executive director of the board, said the fund has been approached informally by investors, but there has been no proposal offered. Although it is tempting, he cautioned owning a baseball team would be somewhat of a gamble for a public pension fund.

"If you don't know how to run (a baseball team), you have no business owning it," he said.

And, Mr. Schwan said, jokingly,

See **Baseball** *on page 28*

Big managers tighten grip on new business

Passive products prove to be most popular with clients

By Sabine Schramm

The investment industry's giant multiproduct managers dominated *Pensions & Investments'* Managers Scoreboard again in 1991, as pension funds continued to move assets into domestic and international passive products, while emerging managers strengthened their positions in the market.

SCOREBOARD

Bankers Trust Co., New York, and State Street Bank & Trust Co., Boston, led investment managers overall with net gains in U.S. institutional tax-exempt discretionary assets of $7.1 billion and $5.1 billion, respectively. The two giants also were the leaders in the 1990 survey.

With more than $5 billion, or 72%, of its new business in index assets, Bankers Trust also topped the list of index and domestic equity managers in *P&I's* Scoreboard.

(Stories and charts for the complete Scoreboard on page 15.)

The top 10 investment managers with total assets of more than $10 billion added $36.9 billion in new institutional tax-exempt assets to their coffers during the year ended Nov. 30, $15.2 billion or 41% of which was invested in equity and fixed-income index products.

For net overall new business gains, eight of the top 10 firms with more than $10 billion under management were index fund managers.

Besides Bankers Trust and State Street, they were: Wells Fargo Nikko Investment Advisors, San Francisco; Lincoln Capital Management, Chicago; Mellon Bond Associates, Pittsburgh; The Vanguard Group Inc., Valley Forge, Pa.; and Pacific Investment Management Co., Newport Beach, Calif.

"These are good times," said Michael Fisher, senior vice president of marketing for Bankers Trust. "Indexing is a strength we are recognized for, both domestic and international."

Among the smallest managers ranked — those with less than $250 million in assets under management — emerging managers represented just more than half of the assets gained overall by the top 10 in that class.

Bob Penter, an investment consultant with Hewitt Associates, Lincolnshire, Ill., was not surprised by the emerging managers' gain in market share of new business. "Public funds have mandates to hire emerging managers," he said.

While industry giants offer a variety of active and passive products, smaller investment firms must find their niche in the market. Beal Investment Co., New York, an emerging manager and a new firm, topped the list among small managers for net dollar gain with $165 million.

Beal's niche is style portfolios that are a "combination of active insight and quantitative systems technology," said James Francis, portfolio manager. "It's a niche that works."

Beal has corporate and public pension fund clients. "The decision to hire us was a business decision vs. the emerging manager scenario," Mr. Francis said.

The bottom line — cost — might be the main motivator for pension funds' move to passive strategies.

"There wasn't a big push toward indexing in 1991, but there may has been some rebidding, done on a purely cost basis, particularly by public pension funds," said Mr. Penter. Indexing is a cost competitive business and larger firms have the advantage, he said.

"Some of the bigger pension funds have been streamlining, cutting back on their active managers," agreed Philip Schnieder, consultant in the Chicago office of The Wyatt Co. Some pension funds also have re-evaluated their active strategies and, unable to beat the market, decided to join it, he said.

State Street Bank, the top new business index manager in 1990, moved toward more active management gains in 1991, particularly in the overseas arena.

"There continues to be cash flow into international investments. More of it is actively managed than previously," said Peter Braun, vice president and director of marketing. "More sponsors are increasing their international allocation."

State Street reported $1.2 billion in net new international/global business in 1991, compared with $2.4 billion in 1990.

However, State Street's "most dramatic increase has been for enhanced cash management products, which have a money market orientation," said Mr. Braun. The firm had about $1.2 billion of new business in cash management.

State Street also topped the list of GIC portfolio managers with $1.9 billion in new assets.

New business to the top 10 fixed-income managers with assets of more than $10 billion dollars grew $16.2 billion. Mellon Bond topped the list with $4.1 billion, followed by Lincoln Capital with $2.5 billion.

Although equity markets boomed in 1991, new business for equity managers was less than that for fixed-income managers. The top 10 equity managers with more than $10 billion in assets grew $13.1 billion. Bankers Trust topped the list with $4.6 billion, followed by Wells Fargo Nikko, with $2 billion in new business. ▪

Corporate cutbacks hit pension staffs

Companies relying more on consultants

By Anne Schwimmer

Corporate pension staffs are being cut as part of the downsizing of corporate America, resulting in fewer people with less experience and less time overseeing an ever-growing pot of money — now more than $1 trillion.

To cope with the staff reductions, corporate pension executives are reducing their stables of money managers so they have fewer firms to oversee, while relying even more heavily on consultants. And some are moving more assets into index funds and other passive investments that require less oversight.

United Technologies Corp., Unisys Corp., Rockwell International and Tenneco Inc. are among the companies whose pension staffs have been cut.

Outright layoffs mostly have been avoided. Instead, corporate pension staffs have been downsized by employees' acceptance of voluntary, lucrative severance and early retirement packages and through attrition. In some cases, higher-paid staffers are encouraged to retire early, so they can be replaced by junior executives with lower salaries.

At United Technologies, where the work force will be reduced by 13,900 people by 1994, three senior pension staffers are leaving by June under voluntary severance and early retirement. Only two of them will be replaced.

"There will be some consolidation at the staff level here," confirmed Francis Hawk, assistant treasurer and director of pension investments, who accepted early retirement. Ms. Hawk's pension duties will be assumed by Cynthia Steer, currently No. 2 in the department. United Technologies, Hartford, Conn., has $9.5 billion in employee benefit assets.

At Unisys, Blue Bell Pa., the pension staff numbers five, down from nine two or three years ago, said Charles A. Service, corporate director-capital management and trust investments, who oversees $5 billion in employee benefit assets.

"The reduction in staff has required a concentration of effort on the most pressing needs," Mr. Service explained. "We had a greater focus in 1991 on existing programs and (did) less research into potential (money manager) candidates than in prior years."

Unisys dropped 10 money managers in 1991, reducing its stable to fewer than 50.

Rockwell, Pittsburgh, laid off Susan Leathers, director of pension asset management, last August as "part of a corporate downsizing within the finance and treasury functions," a company spokeswoman said.

At Tenneco, Houston, the administrative staff of the pension fund has been cut by 15% in the past two years. However, the company's already small investment staff of two is not likely to be affected by any further cuts. Tenneco has announced plans to reduce its work force by about 6,000 people by year end.

And staffers in the pension department at NYNEX Corp., New York, are worried about the company's plans to eliminate more than 10,000 jobs by next year, sources said. A spokesman for NYNEX declined to comment on pension staffing.

Meanwhile, other corporations are encouraging their expensive senior pension executives to take early retirement. Among the senior staffers who recently have

See **Staffs** *on page 31*

DAVID LUBARSKY

Opportunity costs might be behind GE Investments' bankruptcy filing on its 61 Broadway building.

GE pulls plug on 2 properties

By Steve Hemmerick

NEW YORK — The $31 billion General Electric Co. pension fund might have plunged two of its New York City buildings into Chapter 11 because the money that would have been used to pay off the debt could be better invested elsewhere.

In an unusual move, GE Investments Inc., GE's investment management subsidiary, placed the two properties under the Federal Bankruptcy Code's Chapter 11 protection from creditors following foreclosure proceedings begun in October by Metropolitan Life Insurance Co., New York.

Metropolitan Life holds a $91 million mortgage on one of the office buildings, 61 Broadway. The other property facing foreclosure, 366 Madison Ave., was used as cross-collateral on the mortgage for 61 Broadway.

The bankruptcy filing is unusual because it is usually the cash-rich pension funds that are the lenders filing for foreclosure on borrowers.

REAL ESTATE

Executives at GE Investments wouldn't comment on why they placed the properties in Chapter 11 rather than just make timely payments or just pay off Metropolitan Life's mortgage.

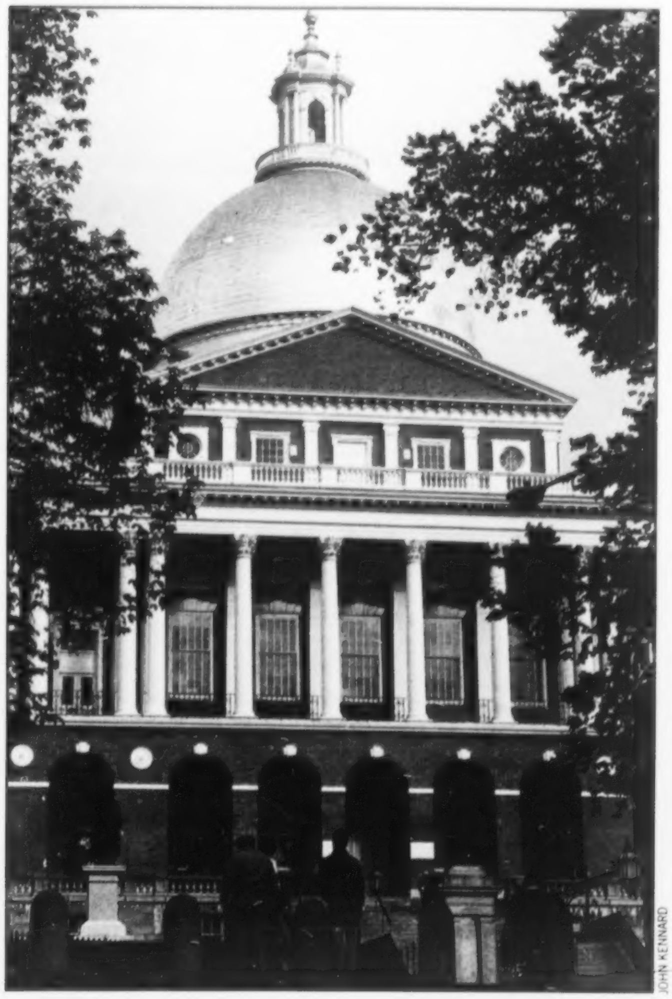
A source familiar with the proceedings, however, said the GE pension trust didn't make the payments on the properties because of the opportunity cost. The return to the pension fund by paying off the mortgage would have been less than it could make elsewhere in other investments, the source said.

GE Investments manages the GE pension fund's money, as well as money for other pension funds. The source said only GE pension assets are involved.

The source also said GE Investments tried five times — without response — to reach an agreement with Metropolitan Life before filing for bankruptcy.

Joseph Madden, a Metropolitan Life spokesman, said he had no comment on a matter in litiga-

See **GE** *on page 31*



JOHN KENNARD

An amendment to Massachusetts pension law saves Boston's city government almost $18 million in pension contributions.

PUBLIC FUNDS

Massachusetts change saves Boston a bundle

■ Boston will save $17.5 million this year because of an amendment to state law allowing the city to fund its pension fund based solely on the actuarial assumption, according to a city budget official.

The amendment was passed by the state Legislature Dec. 30, according to Jim Kennedy, manager of revenue and fiscal analysis for Boston.

The state pension law previously required Boston to make pension appropriations in excess of the 40-year actuarial schedule it adopted in 1988, according to a report from Boston's Office of Budget & Program Evaluation.

Under the old rules, in addition to making actuarial-based contributions, the city had to fund the cost of benefits for the first six years of the 40-year schedule.

"When the 1987 Pension Reform Act was being drafted, there was concern that a funding schedule which called for funding at less than current cost of benefits would quickly draw down reserves in the early years, even if the system would fully retire the unfunded liability at the end of the 40-year schedule," the budget office report states.

"We believe that the 22D provision — a section of the state pension law — which requires that the pension reserve balance as of Jan. 1, 1988, be maintained addresses this concern."

— *Terry Williams*

ECONOMY

Problem? Blame it on the weather

■ Here's some more grist for your economic milling:

Although it notes the U.S. economy is starting to pull out of the recession and the stock market should be bullish in 1992, the Foundation for the Study of Cycles is picking up some bad vibrations in its economic outlook.

"The wild card in our economic scenario is the solar retrograde cycle," Richard Mogey, executive director of foundation, said in a recent release. The cycle, an abnormal motion of the sun, is occurring during the 1990s for only the third time this millennium and, Mr. Mogey warned, could have a negative impact on the Earth's climate and food production.

The foundation was established in 1941 and is affiliated with the University of California, Irvine.

During past retrograde periods, the Earth has experienced weather extremes and increased volcanic activity. The foundation expects more of the same during this decade.

Before dismissing this as more West Coast eccentricity, consider the following.

So far, there have been three major volcanic eruptions — in Japan, the Philippines and Alaska. The foundation notes the National Oceanographic and Atmospheric Administration has found the dust from these eruptions has lowered the average temperature on Earth by 1 degree.

"This is enough to affect food production and thus food prices," Mr. Mogey said in the release. "Since food prices have always been the driving force behind interest rates, we can expect those rates to rise, along with inflation as the government puts more money into the system.

"Economic cycles are all dependent upon climate cycles, and we're starting to learn how much climate is affected by cycles outside the Earth."

— *Chuck Paustian*

BENEFITS

And they thought it was free . . .

■ Midlevel employees would need raises of almost $10,000 to fund their own benefits if employers cut all health, savings and pension plans, a new report shows.

According to Wyatt COMPARISON, a bimonthly report from The Wyatt Co., employees making $35,000 would need at least $9,400 more for their own benefits.

The value of benefits for employees making $24,000 is $7,900, and the figure increases to $17,000 for those earning $75,000.

"Pensions are usually based on salary, which explains why benefits are worth more for employees making a greater salary," said Scott Gildner, consultant in Wyatt's Washington office.

According to Wyatt's COMPARE data base, providing comparative and analytical benefit plan information on more than 800 companies, it would cost employees in the midsalary range 13% of their salary to provide for their own health care alone.

— *Elizabeth Karier*

Replacement costs of benefits

	Employee's salary		
Pay increase required to replace:	**$24,000**	**$35,000**	**$75,000**
Health benefits, family coverage	$4,500	$4,500	$5,000
Defined contribution plan	$1,000	$1,400	$3,400
Retirement plan	$2,400	$3,500	$8,600
Total increase	$7,900	$9,400	$9,400
Increase as a percent	33%	27%	23%
Total position salary	$31,900	$44,400	$92,000

Source: The Wyatt Co., Washington

CYNTHIA WATSON

INTERNATIONAL

Japanese manager on hunting trip

■ Shigeru Masuda, president of Zeron Capital Management, is in the United States trying to raise about $200 million in institutional money to invest in the Japanese stock market through his firm's Shogun Fund.

Despite the flat returns by the Japanese market overall — about 0.3% for 1991 — Mr. Masuda said he hopes Shogun will reap returns of 30%.

The fund seeks investments in "niche opportunities and market inefficiencies" in the Japanese market's large-capitalization stocks and emerging high-growth stocks using derivatives and hedging strategies, he explained. The Shogun Fund was launched in January 1991 with about $10 million of Zeron's own money.

For the first three quarters of 1991, the Shogun Fund returned 23.21%, compared with the Nikkei 225 Index's 0.28%, according to Mr. Masuda.

Zeron Capital Management is only one of a small number of Japan-based investment managers not connected with a major Japanese securities firm, Mr. Masuda said.

— *Anne Schwimmer*

FEES

Corporate, public funds pay less

■ Average annual fees paid by corporate pension sponsors to outside managers declined 6.6% in 1991, to 41.1 basis points, according to a new study by Greenwich Associates.

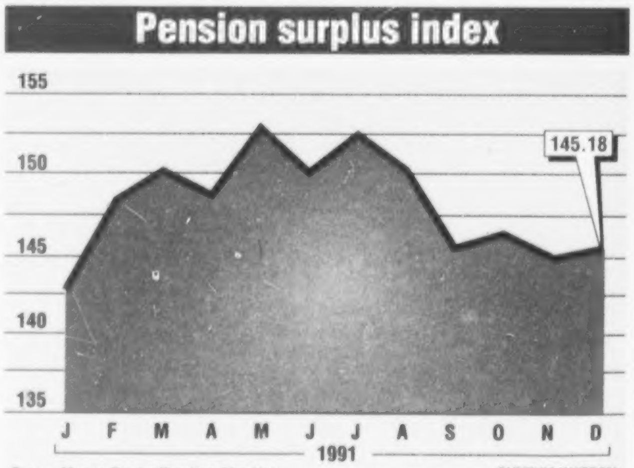
Meanwhile, public funds' payments to outside managers dropped 3.7%, to 31 basis points, while the fees paid by endowments and foundations increased 1.9% from a year earlier, to 43.9 basis points, according to the report.

The study also found corporate sponsors paid an average of 48.3 basis points for domestic stock management and 32.9 basis points to domestic bond managers. Public fund managers paid an average of 37.2 basis points and 26.1 basis points, respectively.

Performance-based fees were used less by corporate and public plan sponsors and more by foundation and endowment sponsors than a year earlier, the study showed.

Among corporate sponsors, the use of such fees dropped to 11% from 12% a year earlier; for public funds, the drop was to 16% from 17%; while endowments increased their use to 18% from 16%, according to the study.

— *Curtis Vosti*



Pension surplus index

Source: Morgan Stanley Pensions, New York

CYNTHIA WATSON

ACCOUNTING

New rule has insurers telling more

■ A new accounting rule requiring additional disclosure by insurance companies begins to address concerns of some industry observers who wanted more information about insurance company investments.

The American Institute of Certified Public Accountants has ruled insurance carriers must disclose more fully information about the quality of their investments and risk concentration, such as substantial mortgage lending in a single geographical area or to a single borrower. The rule also requires more information about carrier pension and tax liabilities. The new rules apply to regulatory disclosures to state insurance bodies.

Kim McCarrel, consultant with Wyatt Asset Services Inc., Portland, Ore., specializing in guaranteed investment products, said the new rule "is great news for people who invest in insurance company contracts."

She said the additional disclosure is important to GIC investors "because these contracts have such long lives a lot can go wrong. The more you know about insurance company financial conditions, the better you can prepare."

— *Fred Williams*

Overseas, si; property, no

But GICs flat amid concerns over insurance industry

By Fred Williams

Managers of global/international investments continued to achieve strong gains in new business while guaranteed investment managers saw new business growth flatten and real estate took a predictable plunge in 1991.

In 1991, according to the Scoreboard survey, the top 10 international/global investment managers with more than $10 billion in assets gained a total of $7.7 billion in net new business compared with $7.1 billion in 1990.

J.P. Morgan, New York, topped the list with net new business gains of $2 billion, followed by Capital Guardian Trust Co., Los Angeles, and State Street Bank & Trust Co., Boston, both with $1.2 billion.

One surprising aspect about the market leadership is that 1990's leader in net new global/international business gains, Wells Fargo Nikko Investment Advisors, San Francisco, slipped far down the list in 1991 with only $461 million in new business compared with $1.6 billion in 1990.

Brinson Partners Inc., Chicago, doubled its 1990 net new business gain of $312 million and finished 1991 with $654 million in net new business.

Gary Brinson, chief investment officer at Brinson Partners, said the growth in the international/global sector "represents a continuing realization by plan sponsors that we are operating on a more level global playing field."

He said the growth in international/global at Brinson is a combination of equity, balanced and fixed-income products.

He said the growth trend is based on a combination of factors. "The world outside the U.S. is very large in developed stock and bond markets, and it is silly for U.S. investors to be parochial in their approach," he said.

International/global investments also tend to reduce overall risk in equity portfolios by gaining "important aspects" of diversification.

Finally, Mr. Brinson said, "clearly by moving to global and international you do provide at least the opportunity for return enhancement; you open the door for the opportunity and possibility to pick up attractive returns from foreign stocks and bonds."

June Debatin, international consultant with The Wyatt Co., Atlanta, said the growth of the international/global area will continue. She said much of the net new business in the sector is from plans starting to invest now that the trend toward international is clearly defined.

Ms. Debatin said there is renewed interest in global bonds now, where yields can be more attractive than in the United States.

"We are seeing a substantial market in global bonds where it is easier in many ways for people (to invest). It is more like an extension of an existing bond portfolio, where on the equity side international investing is more like a separate asset class," said Ms. Debatin.

Nicholas A. Lopardo, chief investment officer at State Street Bank, said most of the bank's international growth has been on the equity side, and he expects the trend to continue over the long term.

Mr. Lopardo said there was substantial interest in 1991 for indexed products as well as enhanced strategies in the global and international areas using swaps and derivative instruments. Mr. Lopardo said State Street was the first to develop an international stock index futures fund.

As concerns about the insurance company solvency and credit issues dominated the guaranteed investment market in 1991, the new business growth of the top five GIC managers, as measured by the *Pensions & Investments* Scoreboard survey, remained essentially flat in 1991 compared with 1990's growth.

According to the 1991 survey, the five GIC managers with the most net new business, who responded to the survey, gained a total of $5.059 billion. In 1990, the top five pulled in $5.051 billion. State Street Bank gained $1.9 billion in new GIC assets under management, followed by the

See **Survey** *on page 17*

SCOREBOARD

Net dollar gain

Top managers over $10 billion overall

Firm	$ millions
Bankers Trust	7,053
State Street Bank	5,107
Vanguard Group*	4,094
Mellon Bond	4,052
Lincoln Capital	3,266
J.P. Morgan**	3,126
Wells Fargo Nikko	3,076
Brinson Partners	2,945
Pacific Investment	2,360
Investment Advisers	1,850

Top managers $1 billion to $10 billion

Firm	$ millions
Delta Asset	1,960
Hartford Life	1,613
Morgan Grenfell Capital	1,452
Newbold's Asset	1,397
Schroder Capital	1,196
CNA Insurance	1,016
Provident Investment	1,016
Smith Barney Capital	982
Standish, Ayer & Wood	977
Sirach Capital	906

Top managers $250 million to $1 billion

Firm	$ millions
Kensington Realty	728
FX Concepts**	600
Roger Engemann	541
Blackstone Financial	515
Duncan-Hurst Capital	445
Harris, Bretall, Sullivan & Smith	400
Jacobs Levy Equity	391
Eastbridge Capital	380
Janus Capital	353
Commerce Bank	352

Top managers under $250 million

Firm	$ millions
Beal Investment	165
Gulfstream Global	155
Guardian Asset	119
Zevenbergen Capital	119
Taplin, Canida & Habacht	117
RhumbLine Advisers	91
Tiffany Capital	90
MTH Asset	88
Schroder Ventures	83
Jamison, Eaton & Wood	80

Most new domestic fixed-income business (net)

Top managers over $10 billion

Firm	$ millions
Mellon Bond	4,052
Lincoln Capital	2,477
Pacific Investment Management	2,012
Metropolitan Life	1,792
Prudential Fixed-Income	1,369
Vanguard Group*	1,113
Bankers Trust	1,010
J.P. Morgan	875
BEA Associates	762
Investment Advisers	740

Top managers $1 billion to $10 billion

Firm	$ millions
Morgan Grenfell Capital	1,330
Standish, Ayer & Wood	887
Lowe, Brockenbrough, Tierney & Tattersall	592
Union Bank	518
National Investment Services	508
Weaver C. Barksdale	445
Patterson Capital	428
Barrow, Hanley, Mewhinney & Strauss	422
Bear Stearns	393
First National Bank of Maryland	305

Top managers $250 million to $1 billion

Firm	$ millions
Blackstone Financial	515
Eastbridge Capital	380
First Boston Asset	235
Piper Capital	123
Harris Bretall Sullivan & Smith	91
Seaboard Investment	89
Voyageur Asset	53
Davis Hamilton Jackson	45
Washington Capital	44
Liberty Capital	41

Top managers under $250 million

Firm	$ millions
Smith, Graham	78
Income Research & Management	75
Longfellow Investment	43
Taplin, Canida & Habacht	32
LM Capital	30
Brooks Capital	25
Executive Investment	24
Dorsey	21
Wedgewood Capital	20
Llama Asset	14

Most new domestic equity business (net)

Top managers over $10 billion

Firm	$ millions
Bankers Trust	4,568
Wells Fargo Nikko	1,969
Boston Co.	1,036
State Street Bank	997
Fayez Sarofim	885
Vanguard Group*	801
Lincoln Capital	789
Investment Advisers	700
Brinson Partners	660
Chancellor Capital	646

Top managers $1 billion to $10 billion

Firm	$ millions
Delta Asset	1,960
Newbold's Asset	1,397
Phoenix	1,133
Independence Investment	814
Provident Investment	798
J & W Seligman	600
Smith Barney Capital	593
SunBank Capital	480
Lynch & Mayer	477
Waddell & Reed	467

Top managers $250 million to $1 billion

Firm	$ millions
Roger Engemann	541
Duncan-Hurst Capital	445
Jacobs Levy Equity	391
Janus Capital	353
Investment Research	313
Enhanced Investment Technologies	270
Amerindo	259
Dietche & Field	252
Harris Bretall Sullivan & Smith	209
Twin Capital	190

Top managers under $250 million

Firm	$ millions
Beal Investment	165
Guardian Asset	119
Zevenbergen Capital	119
Tiffany Capital	90
MTH Asset	88
Taplin, Canida & Habacht	85
Sturdivant	60
Jamison, Eaton & Wood	55
Walnut Asset	51
Reinoso Asset	50

*Manager of managers. **Manager of overlay program; All figures reflect U.S. institutional discretionary tax-exempt assets

Enhanced indexes are exciting investors

By Terry Williams

Buoyed by a move from plain S&P 500 indexing to more sophisticated strategies and broader indexes, managers offering passive investing continued to show impressive gains in new business in 1991.

"We expect that indexing will be the wave of the '90s," said George Sauter, vice president with The Vanguard Group Inc., Valley Forge, Pa.

Vanguard ranked sixth among the leading indexers, bringing in $824 million, $757 million of which went to indexed equities.

"We see it growing exponentially," said Mr. Sauter. "Despite the detractors to the style, it will grow at a faster pace than overall investment management."

Leading the way in net new indexing business was Bankers Trust Co., New York, with $5.13 billion, $4.98 billion of which was equity.

Wells Fargo Nikko Investment Advisors, San Francisco, was second with $3.08 billion. Almost $2.5 billion went to its equity strategies.

Chicago-based Lincoln Capital Management was third with close to $2.7 billion, all of it in fixed income.

Although the average active equity manager beat the Standard & Poor's 500 Stock Index in 1991, that isn't likely to stem the growth of indexing.

One reason is that the decision to index stems from a long-term perspective, according to William F. Adams, executive vice president with Mellon Bond Associates, Pittsburgh.

"I think its a groundswell type thing instead of an event of a given quarter," said Mr. Adams.

Also, indexing beyond the S&P 500 has gained in popularity.

"While there was breathing room for active managers, the

See **Indexing** *on page 17*

SCOREBOARD

Most new GIC/BIC business (net)

Banks & insurance companies

Firm	$ millions
Hartford Life	1,613
CNA Insurance	995
New York Life	726
Allstate Life	619
Confederation Life	449
Sun Life of Canada (U.S.)	382
AIG Domestic Life	163
Great-West Life	85

GIC portfolio managers

State Street Bank	1,900
Vanguard Group	1,869
PRIMCO Capital	500
IDS Trust	413
Fiduciary Capital	377
Morley Capital	300
Bankers Trust	289
Jennison Associates	235
Karpus Investment	10
ASB Capital	2

All figures reflect U.S. institutional discretionary tax-exempt assets

Survey

Continued from page 15

Vanguard Group Inc., Valley Forge, Pa., with $1.869 billion and PRIMCO Capital Management, Louisville, Ky., with $500 million.

However, several large GIC managers that have been leaders in net new business growth in previous years did not return Scoreboard questionnaires in 1991.

These include T. Rowe Price Guaranteed Asset Advisers, Fidelity Management and Certus Financial Corp. Unofficial indications are T. Rowe Price picked up about $1.4 billion and Fidelity about $2.6 billion, in 1991.

Some GIC consultants believe GIC managers that did not respond to the Scoreboard questionnaire probably had minimal growth and didn't want to disclose it publicly.

Jason Psome, principal at Brentwood Asset Advisors Inc., GIC consultants in Santa Monica, Calif., said managers are spending more time servicing existing clients concerned about "perceived" problems in the insurance sector, "resulting in GIC managers placing more emphasis on maintaining and servicing existing clients rather than out marketing to new clients."

Looking at the official and unofficial figures on net growth in GIC management in 1991 shows clearly that full-service mutual fund operations such as Vanguard, Fidelity and T. Rowe Price are claiming a significant portion of the new GIC management business.

"It is no surprise these full-service companies are increasing their market share," said Mr. Psome. "It is directly connected to the desire by plan sponsors to simplify the investment process for participants while offering diversification.

"However, there are pitfalls with the approach, the least of which is offering too many choices and too many transfer opportunities, which may end up eroding overall returns," said Mr. Psome.

Michael Odlum, director of GIC services at Vanguard, cited the firm's "attractive full-service program of choices, record keeping and other defined contribution options" as one reason plan sponsors turn to Vanguard.

In addition, he said, the GIC investment philosophy is "very conservative" with no history of credit related difficulties.

Negative returns and "significant writedowns" in 1991 combined to hold down the growth in net new business for real estate managers, said Terry Ahern, principal at the Townsend Group, Cleveland, a real estate consulting firm.

In 1991, according to the Scoreboard survey, the top real estate managers with assets of more than $10 billion pulled in a total of only $648 million. And that was from only three managers responding to the survey.

In 1990, there were six real estate managers with assets of more than $10 billion responding. For real estate managers with assets of $1 billion to $10 billion, total net new business amounted to $1.9 billion in 1991 compared with nearly $5 billion in 1990.

Mr. Ahern said real estate writedowns of as much of 10% in 1991 would be sufficient to offset any additional capital put into the market by investors.

He said the real estate market remains overbuilt, and that factor combined with the slow-growing economy means real estate investments probably will not show positive returns this year and next year. ■

SCOREBOARD

Most new indexed business (net)

($ millions)

Firm	Total	Equity	Fixed income
Bankers Trust	5,128	4,984	144
Wells Fargo Nikko	3,076	2,485	591
Lincoln Capital	2,694	0	2,694
Mellon Bond	2,140	0	2,140
State Street Bank	1,016	1,212	-196
Vanguard Group*	824	757	67
Boston International	775	775	0
BEA Associates	553	303	250
Travelers	340	264	76
Pacific Investment	316	316	0

*Manager of managers

All figures reflect U.S. institutional discretionary tax-exempt assets

Indexing

Continued from page 15

long-term cyclical trend toward indexing was not dealt a setback" by the 1991 performance of active equity managers, said Patricia Dunn, president of Wells Fargo Nikko.

"The proliferation of indexing styles has become more important than the S&P 500 as far as new growth is concerned," she said.

Among U.S. institutional investors, the more popular options to the S&P 500 are the Russell 2000 and the Wilshire 5000, said Ms. Dunn.

"Indexing is a multitude of strategies that are increasingly tailored to fit a particular investment niche," she said.

Beyond the broader indexes is enhanced passive investing.

"Part of our product base is the enhanced index area and it has a good track record," said Kenneth Meyer, executive vice president with Lincoln Capital.

Mr. Meyer said he expected the future growth of indexing to be in fixed income.

"I don't think people have begun to scratch the surface yet in the fixed-income area," he said.

"We will see growth in passive, but more likely in the enhanced area."

Naturally, Mr. Adams of Mellon Bond agrees with the forecast for fixed-income passive investing.

"I think that bond indexing, very much like equities, is still growing in popularity, as people recognize that active managers have a difficult time consistently beating the index," he said.

"By and large it's really straight vs. enhanced in most cases."

"I would say there has been a move toward replicating the broader index as opposed to more narrow corporate government indexing."

Pacific Investment Management Co., Newport Beach, Calif., took in $316 million in net new indexed business. The firm runs enhanced indexes only, and believes the growth is in that niche.

PIMCO uses stock index futures to track an index and actively manages the cash backing the futures, according to Jim Muzzy, managing director.

"What you are beginning to see is a second wave," Mr. Muzzy said. "Those that have (already) indexed are looking at alternatives.

"I think what clients are looking for is a way to track the index and to enhance the returns above it with some degree of consistency."

A particular growth area not tracked by *Pensions & Investments'* Scoreboard is foreign pension fund investment in global indexes, according to Ms. Dunn.

European pension funds are taking a "macro view" in their diversification efforts, she said.

"They are using (index funds) because they are efficient and reliable ways to capture returns of the market they want to be invested in," she said.

"We are growing faster outside the United States than inside," Ms. Dunn said. ■

SCOREBOARD

Most new domestic balanced business (net)

Top managers over $10 billion

Firm	$ millions
Brinson Partners	879
Investment Advisers	410
Bankers Trust	323
Vanguard Group*	222
Wells Fargo Nikko	185
Boatmen's Trust	134
Metropolitan Life	131
First Quadrant**	90
INVESCO MIM	90
Travelers	61

Top managers $1 billion to $10 billion

Firm	$ millions
Sirach Capital	471
First Asset	232
U.S. Trust-Boston	220
Smith Barney Capital	211
Provident Investment	210
Columbia	175
Munder Capital	172
Union Bank	172
J & W Seligman	140
Shields Asset	126

Top managers $250 million to $1 billion

Firm	$ millions
Seaboard Investment	190
Harris Bretall Sullivan & Smith	100
Colorado Capital	82
Schaenen Wood	75
Robert W. Baird	54
Austin & Calvert	41
Palley-Needelman	28
Piper Capital	23
Estabrook Capital	20
Investment Counselors	19

Top managers under $250 million

Firm	$ millions
Robshaw & Cheskin	33
Bradford Investment	24
Jamison, Eaton & Wood	22
Connecticut Investment	17
First Commercial Trust	15
Hallmark Capital	15
Godsey & Gibb	14
ICM Asset	10
Perkins Capital	10
Starbuck Tisdale	6

Most new international/global business (net)

Top managers over $10 billion

Firm	$ millions
J.P. Morgan**	2,022
Capital Guardian Trust	1,219
State Street Bank	1,203
Scudder, Stevens & Clark	943
Bankers Trust	713
Brinson Partners	654
Wells Fargo Nikko	461
First Quadrant**	248
GE Investments	146
BEA Associates	129

Top managers $1 billion to $10 billion

Firm	$ millions
Schroder Capital	1,196
Putnam	839
Clay Finlay	759
Boston International	709
Baring International	445
Nomura Capital	387
Acadian Asset	205
Morgan Grenfell Investment	186
Strategic Investment Partners*	182
Axe Core Investors	140

Top managers $500 million to $1 billion

Firm	$ millions
HD International	253
Bank of Ireland	146
G.T. Capital	145
PCM International	129
INVESCO MIM International	89
Dunedin Fund	62
Posthorn Global	40
Murray Johnstone	30
Parametric Portfolio	25
Rogge Global Partners	25

Top managers under $250 million

Firm	$ millions
Ivory & Sime International	71
Baillie Gifford Overseas	70
Kankaku Capital	50
Prudential Asia	50
RhumbLine Advisers	50
Strategic Global Investments	42
Commerz International	20
Yield Enhancement Strategists	16
Wardley Investment	15
Cseh International	11

Most new real estate business (net)

Top managers over $10 billion

Firm	$ millions
GE Investments	266
John Hancock	220
Equitable Real Estate	162

Top managers $1 billion to $10 billion

Firm	$ millions
Yarmouth Group	655
Heitman Advisory	259
O'Connor Group	200
RREEF	199
LaSalle Advisors	194
Prudential Realty	175
Fiduciary Trust International	74
Latimer & Buck	69
Strategic Investment Partners*	44
INVESCO Realty	26

Top managers $250 million to $1 billion

Firm	$ millions
Kensington Realty	728
AMB Institutional Realty	312
PMRealty	215
Birtcher Realty	152
Schroder Real Estate	106
Resource Investments	100
Rosen Associates	55
Metric Institutional Realty	48
Lehndorff & Babson Real Estate	45
MIG Realty	24

Top managers under $250 million

Firm	$ millions
Batterymarch: Agrivest	75
Cozad Asset	50
Liquidity Fund	15
Rocky Mountain Investors	15
Forest Investment	13
American Agricultural	1

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*Manager of managers

**Manager of overlay program

All figures reflect U.S. institutional discretionary tax-exempt assets

Reprints of articles appearing in *Pensions & Investments* are available.

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'91 real estate returns plunge to record lows

Some property funds drop as much as 20%

By Steve Hemmerick

Pension funds and their real estate managers — already reeling from poor performance — are bracing for what threatens to be the worst one-year performance for pension funds since they began investing in real estate in 1970.

Real estate performance is being beaten down by losses in value. But even with a positive flow of income, the best 65 real estate funds could do in 1991 was a record low −8.6% median total return, according to SEI Capital Resources, Wayne, Pa. The previous record, 2.2%, was set in calendar year 1990.

The largest drop in the SEI universe came in trophy class properties — the properties pension fund executives thought could insulate them from falling real estate performance. But SEI said those trophy properties fell 8.3%. Core properties fell 7.2%, while the opportunity style — which concentrates on higher-risk assets such as highly leveraged and high-vacancy buildings and non-traditional properties — fell 6.2%.

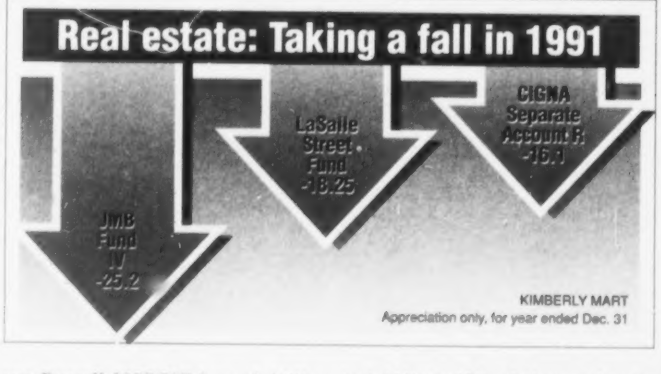
The real estate research department of Salomon Brothers Inc., New York, predicted the year-end numbers for the Russell-NCREIF Property Index could hit −4.5% — even when income is included.

That figure would be more than 550 basis points below the previous Russell-NCREIF low of 1.2% for calendar year 1990. The Russell-NCREIF performance numbers, which don't include leveraged real estate, go back to 1978.

Even prestigious commingled real estate funds with highly regarded investment managers have lost 15% to 25% of their value in one year, according to preliminary 1991 returns.

Some consultants estimate the overall loss of real estate equity portfolios, excluding income, could be 10% to 15% of the estimated $100 billion pension funds

See **Plunge** on page 45



Real estate: Taking a fall in 1991

KIMBERLY MART

Appreciation only, for year ended Dec. 31

AT DEADLINE

Fund drops S. Africa curbs

The $200 million Fairfax County (Va.) Police Retirement Fund has removed restrictions on investments in South Africa. In January, two other Fairfax County funds, the $675 million Supplemental Retirement Fund and the $200 million Uniform Retirement System, rescinded their restrictions.

Peruvian plan moving ahead

Peru expects to begin its recently privatized social security system in April, according to a Peruvian business executive.

Money management for the new system is open to foreign investment companies, said Pablo Bustamente Pardo, assistant director, Compania Minera Milpo, a Lima-based mining company.

Managers are hired

The Associated Blind hired Bear Stearns Asset Management to run its $5 million of investment reserves in a balanced account. The assets had been split between an internal fixed-income portfolio and an equity account with T. Rowe Price.

The $504 million **Minneapolis Teachers' Retirement Fund Association** hired Investment Advisers Inc. to run $35 million that will be invested in the stocks of Midwest companies. The fund terminated The Marshall Plan and GAMCO Investors Inc.

The $258 million **City of Providence (R.I.) Employees Retirement System** hired Aquarius Capital Management for a $1 million equity account, pending further discussions. The Hannah Group was consultant.

Lipper forms joint venture

Lipper & Co. and Italy's Prime S.p.A. formed a joint venture to manage European growth stocks. The venture, called Prime Lipper Asset Management L.P., will be based in New York and mainly target the U.S. pension market.

Investors shun Dow, Corning stocks

By Steve Hemmerick and Fred Williams

Fears of expanding medical claims for defective silicone breast implants — which have hurt the stocks of Dow Chemical Corp. and Corning Inc. — are keeping some institutional investors away from the companies.

Corning's stock price is being hit hardest because the company is much smaller than Dow, so bad news has more of an effect, said Don Daly, senior portfolio manager at Brundage, Story & Rose, New York. Dow's stock has languished in the face of a positive earnings surprise in the fourth quarter and a bull market.

Corning's employees are among the stockholders taking a beating. Their stake in Corning — some 47% of the Corning 401(k) plan was in company stock as of Sept. 30 — has declined in value by almost $30 million from $259 million.

Neither Dow Chemical nor Corning makes silicone breast implants, but they are equal partners in Dow Corning Corp., their non-publicly traded joint venture. Over a 30-year period, Dow Corning has manufactured 600,000 silicone devices for breast implants. In early January, as lawsuits were beginning to be filed, the Food and Drug Administration declared a 45-day moratorium on new silicone breast implants.

Dow and Corning shares are being affected by fears that claims against Dow Corning for medical problems will be able to financially pierce a corporate veil that is supposed to insulate the joint venture partners from claims against the subsidiary.

Corning stock is off about 18% on the year, Mr. Daly said, while the price of Dow stock hasn't changed much. "It's a smaller matter to (Dow) in a financial sense," he said.

Refiguring the price of Corning stock before a Feb. 11 stock split, Frank Bogan, a vice president

See **Implants** on page 44

AP/WIDE WORLD PHOTOS

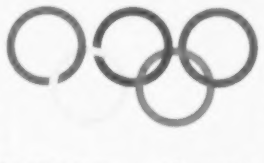
A.J. Kitt of the United States finishes his downhill ski run in the international competition in Albertville.

Olympic Foundation wins investing gold

By Curtis Vosti

COLORADO SPRINGS, Colo. — As U.S. athletes go for the gold in Albertville, the foundation that supports them has struck paydirt in the competition of the capital markets.

The foundation's performance and investment strategy are close to gold-medal caliber, at least one consultant believes.



The $183 million U.S. Olympic Foundation had a 15.8% total return for its most recent fiscal year, ended Sept. 30, more than 10 percentage points above the level of support it sends to the U.S. Olympic Committee annually.

The returns also illustrate a modern approach to foundation and endowment investment strategy that has become as commonplace — despite its once-novel standing — as the Fosbury Flop or the triple axel have become for the Olympics.

The foundation's performance and asset mix are "certainly close" to gold-medal caliber, according to John Goodrich, president of Colonial Consulting Corp. Inc., a New York-based consultant to foundations.

"It seems to be a well-thought-out, long-range approach to maintaining the corpus and throwing off 5% of an ever-increasing market value," Mr. Goodrich said.

"It sounds like they're very enlightened in what they are doing," said Thomas Astley, president of Wellesley Group Inc., a foundations and endowment consulting firm in Waltham, Mass. "The amount they are spending is right

See **Olympics** on page 42

NEWS DIGEST

AP/WIDE WORLD PHOTOS

President George Bush unveils a health care reform package that could cost employers but still meets with the wishes of corporate benefit managers. Page 6.

Ten large foundations are joining forces to create an investment fund for smaller foundations. Page 21.

Numerous experts are critical of the new Standard & Poor's MidCap 400 Index. Page 33.

SPECIAL REPORT: PIPER

Health and growth stocks dominate the top equity funds in the fourth quarter. Page 23.

Raw timberland is outperforming top-grade office, warehouse and regional mall properties. Page 23.

FINANCING

Institutional investors are eager to snap up Chrysler Corp.'s offering of convertible preferred stock. Page 4.

INTERNATIONAL

The Matuschka Group is abandoning the institutional market and will sell its U.S. unit. Page 37.

REAL ESTATE

What threatens to be the worst one-year performance ever has funds and managers edgy. Page 1.

Pension funds are making new or more extensive moves into the commercial mortgage market. Page 3.

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Adviser survey in the mail

Questionnaires for *Pensions & Investments'* annual survey of investment managers have been mailed. The completed forms, to be used for a special issue published May 18, must be returned by Feb. 25. If you have not received a questionnaire and want to be included in the directory, or if you have any questions, contact Christine Philip, directory coordinator, at (312) 649-5217.

Warning signals revealed

Managers say they'll sell stocks if interest rates rise

By Margaret Price and Anne Schwimmer

Money managers are closely watching interest rates and Federal Reserve Board policy as the key to the continuation of the current bull market.

While they are optimistic for now — most see no sign of a significant decline and are staying virtually fully invested — the managers say any increase in interest rates or wavering by the Fed could pull the trigger on the market.

"I think the biggest single thing that would scare us would have to do with interest rates rising," said Thomas Larkin, president and chief executive officer of Trust Co. of the West, Los Angeles.

Of course, the Fed cannot ease forever, and some see a chance for a market drop in the next six to nine months, as the economy recovers and interest rates rise.

"There probably is going to be a time to sell in 1992, but it isn't now," said Steven Leuthold, chairman of the Leuthold Group, an investment research firm in Minneapolis. But "the possibility that interest rates have seen their lows for the cycle" might spur a market sell-off.

While "interest rates have us paranoid, on a short-term basis we are looking at the breadth of the market, looking at the mix of advancers and decliners," said Jon Boscia, chief investment officer of Lincoln National Corp., Fort Wayne, Ind.

R
YIELD
CAUTIO
NE
WAY
STOP

The bull market is soundly supported by low interest rates, low inflation and widespread hopes for an economic recovery this year, many investment managers maintain.

Few see sell signals — although some are nervously pointing to low dividend yields and high price-earnings ratios that have heralded market tumbles in the past.

But February 1992 is no October 1987, most declare.

Missing today are 1987's high interest rates, booming mergers and acquisition activity, and strong interest from foreign investors who are often late entrants into a U.S. market rally. This time, the market not only has ample support from institutional investors but also the unusual backing of individual investors. Recently, many individuals have been fleeing certificates of deposit and money market instruments for the perceived higher returns from equities.

The Leuthold Group's Mr.

See **Market** *on page 43*

New firm steals bank's thunder

Delta Asset lands $2 billion in assets

By Steve Hemmerick

LOS ANGELES — Executives of Security Pacific Investment Managers Inc. still are scratching their heads in bewilderment as to how they lost one of the best performing equity investment teams in the nation and about $2 billion in pension assets under management.

Until last summer, SPIM's equity team was racking up high performance numbers at below-market risk. They had about $2.6 billion in equity investments under management.

Then three key members of the equity team bolted: Robert Sandroni, former president and chief investment officer of the equity division; Carl Goldsmith, former senior vice president and senior equity portfolio manager; and William Hibschman, a former vice president and head of client relations.

The executives set up shop in the same town under a new name, Delta Asset Management, and a new parent, Furman Selz Capital Management, New York.

That was bad enough for surprised executives at SPIM who had new competition. But the shock came when SPIM's largest clients started to leave for neighbor Delta Asset Management. On Sept. 6, Delta opened for business with no money or clients. By Sept. 30, Delta had four clients and about $950 million under management.

Today, Delta Asset Management has 13 clients and $2.2 billion under management, almost all of it from former SPIM clients. Delta got $460 million temporarily from the $4.2 billion Los Angeles Fire & Police Retirement System, until the fund completes a search in which Delta is a finalist.

Another $359 million came from the $12 billion Los Angeles County Retirement Association; an unspecified amount came from the $1.1 billion San Diego County Employees Retirement System; and $95 million from the $765 million Ventura County Retirement System, Ventura, Calif. All are former SPIM clients. Some $90 million came from another SPIM client, the Northrop Corp.,

See **Delta** *on page 41*

Quirk indicted on tax charges

TOM REED

Paul Quirk's connection with Corporate Rebuilders Partners has been severed.

By Terry Williams

BOSTON — At least one pension executive has said the indictment of Paul Quirk, former director of the Pension Reserves Investment Management Board, will have no effect on his plan's decision to consider a corporate turnaround investment Mr. Quirk was marketing.

Mr. Quirk and his wife, Elizabeth A. Quirk, the former director of finance for Boston-based PRIM, were indicted earlier this month. He is charged with two counts of filing false Massachusetts tax returns and one count of larceny over $250. She is charged with three counts of filing false state tax returns, 12 counts of issuing false withholding statements and four counts of larceny over $250.

Mr. Quirk joined The Boston Corporate Finance Group Inc., an investment bank, as a managing director in April after leaving PRIM in December 1990.

Recently, he was marketing to pension funds Corporate Rebuilders Partners, a limited partnership that is seeking to raise money to invest in companies with excessive debt that are trying to restructure.

Corporate Rebuilders Partners was scheduled to make a presentation to the board of trustees of the $64 billion California Public Employees' Retirement System Feb. 18, according to DeWitt Bowman, chief investment officer.

The trustees and the investment staff of the California system will continue to evaluate the investment, Mr. Bowman said. A decision on whether to invest is expected at that meeting, he said.

It could not be learned what other retirement systems might be considering investing in the partnership.

See **Quirk** *on page 41*

MONEY MANAGERS

New CIO is happy with less — because it's her firm

MICHAEL A. MARCOTTE

The executives of Chicago's Abacus Financial Group Inc. are Cynthia Plouche, left, Judith Ann Calder and Adela Cepeda.

■ Cynthia Plouche now is managing less than 1% of the money she oversaw while at Equitable Capital Management Corp., but she couldn't be happier.

"It's not that I didn't take pride in my work" at Equitable, said Ms. Plouche, now chief investment officer with Abacus Financial Group Inc., Chicago. But running your own business takes on a whole new meaning as to what the rewards will be, she said. "There is an entity here that I'm responsible for."

"I love it," she said. "I'm glad I'm doing it."

Abacus, a fixed-income money manager, recently picked up its first client — a $5 million portfolio from the $1.84 billion Cook County Annuity & Benefit Funds. The firm was founded in May by Adela Cepeda and Judith Ann Calder.

Ms. Cepeda formerly was a vice president with Smith Barney's corporate finance department. Ms. Calder is a 20-year public finance investment banking veteran, serving with Lehman Brothers, First Chicago and Harris Trust.

When Ms. Plouche left Equitable at the end of March, she was responsible for the management of primarily fixed-income portfolios in excess of $7 billion. Her particular area of expertise was in mortgage-backed securities, although she also managed a U.S. timberland fund. Between Equitable and joining Abacus at the end of June, Ms. Plouche was a portfolio manager at Chicago Title & Trust Co.

— Terry Williams

INTERNATIONAL

First Boston goes to a global view

John J. Cook Jr. wants to see more pension funds as clients.

■ John J. Cook Jr., First Boston Asset Management's new chairman, plans to turn the firm into a global institutional manager from his home base in Boston.

Mr. Cook, formerly head of institutional asset management for Fidelity Investments, said he intends to build on First Boston's established fixed-income expertise to create a place for the firm in international equity investing as well.

Key to this bold plan is sister-firm Credit Suisse First Boston Investment Management Ltd., London, which Mr. Cook hopes will prove a springboard to more international investing — and more international clients. Mr. Cook is also chairman of that firm.

"First Boston has enormous resources from a global perspective and we want to draw on what's in place and build on those capabilities," he said. Mr. Cook explained First Boston's current investment expertise focuses on "a very strong fixed-income capability with a mortgage-backed securities emphasis and a junk-bond capability."

He admitted, however, only a fraction of the two money management firms' $19 billion in assets are managed for pension funds. He said that statistic is one he is determined to change.

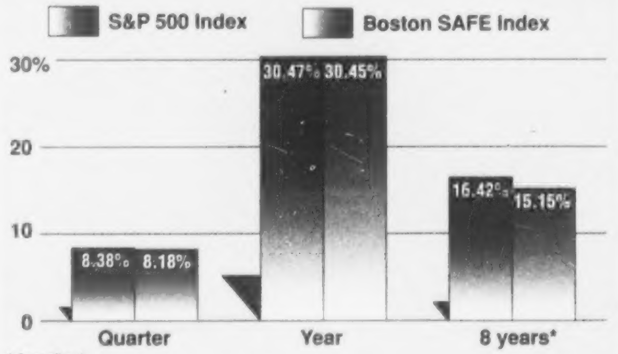
For now, Mr. Cook intends to bring in new staffers with equity expertise, and he hopes to base them in his Boston office. First Boston Asset Management currently is based in New York.

"I'm not going to be an island to myself in Boston," he said. "Over time as we broaden the base of the firm, that will be done in Boston and perhaps some of my associates here in New York would like to move to Boston, just as I and my family enjoy living there," Mr. Cook said. He added today's technology makes a 200-mile distance "not that important" in any case.

— Anne Schwimmer

Boston SAFE Index

(Total return; periods ended Dec. 31)



* Annualized
Source: PanAgora Asset Management, Boston
JOHN SMITHER

ECONOMY

Bush scores low in pension survey

■ Almost two-thirds of the pension investment community disapproves of the way President Bush is dealing with the U.S. economy, a new survey shows.

"The percentage of those disapproving (63%) was surprisingly large, considering the fact that the respondents represent traditionally friendly forces and particularly since their pension funds experienced record capital markets appreciation in 1991," said Kenneth E. Brunke Jr., senior vice president of Callan Associates Inc. and executive director of the Callan Investments Institute.

Some 248 pension executives, money managers and consultants participated in the "flash" survey conducted by San Francisco-based Callan.

Despite their disapproval of the president's overall handling of the economy, 59% believe his proposal to sharply reduce capital gains taxes is politically feasible.

The survey also showed:

- Some 82% believe the Federal Reserve Board should continue to push interest rates lower.
- Forty-two percent of respondents say Bill Clinton will get the Democratic presidential nomination vs. 19% for Bob Kerrey, 6% each for Paul Tsongas and Tom Harkin and 3.4% for Jerry Brown. Mario Cuomo got 18.5% as a write-in candidate.
- Respondents were split on whether Boris Yeltsin will be in power in Russia a year from now.

— Nancy Webman

WASHINGTON

SEC sets sights on the big, risky

■ The Securities and Exchange Commission in 1993 will target for inspection money managers running more than $1 billion in assets or having high-risk profiles.

According to the SEC's budget request for fiscal 1993, the agency has fallen behind in inspections of the burgeoning ranks of investment advisers — some 1,700 advisers who manage $5.3 trillion, of which $1.3 trillion represents mutual fund assets.

In addition, the SEC wants to boost the number of positions in its investment management division by 14, by far the largest increase in staff positions for any of the agency's divisions.

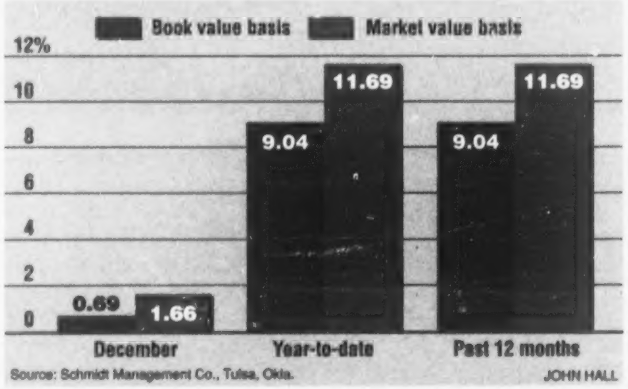
By targeting the largest money managers, the investment management division would shorten the average period it inspects managers to 24 years from 30 years currently, though the SEC admits this level is "far from the optimum level for an inspection cycle."

The SEC staff also will inspect the 100 largest mutual fund complexes and all money market funds, as well as some small complexes and stand-alone funds.

— Joel Chernoff

Schmidt composite GIC indexes

(Periods ended Dec. 31)



Source: Schmidt Management Co., Tulsa, Okla.
JOHN HALL

INVESTING

Small-cap stocks score big in '91

■ It's a record for small-capitalization stocks, at least as far as Frank Russell Co. is concerned.

Small-cap stocks, as measured by the Tacoma, Wash., consultant's Russell 2000 Index, had their best year yet, returning 46.05%.

The previous record was 43.09%, achieved in 1979 — the same year the index premiered.

The 1991 record was a far cry from the previous year, when the index returned −19.05%.

The best month for the Russell 2000 was February, when it returned 11.2%.

The Standard & Poor's 500 Stock Index returned 30.5% for the year; its best month was December, when it climbed 11.4%.

In December, the Russell 2000 rose 8%.

— Pete Retzbach

BENEFITS

Annual maximum increased by IRS

■ The maximum annual benefit that can be obtained from a defined benefit plan was increased to $112,221 from $108,963 by the Internal Revenue Service.

The new limit went into effect Jan. 1.; the limit is adjusted for inflation annually. The limit for defined contribution plans remains fixed at $30,000. Under the law, the latter limit will not be adjusted until the defined benefit limit tops $120,000.

— Joel Chernoff

REAL ESTATE

Insurance companies' mortgage problems persist

■ Insurance company executives continue to face problems with the insurer's real estate investment portfolios.

According to a Salomon Brothers Inc. report, insurance companies saw their mortgage loan delinquencies rise in the third quarter of 1991 but at a slower pace than in the first half of the year.

Citing figures from the American Council of Life Insurance, the report showed delinquencies for commercial properties reached 5.75% in the third quarter, surpassing the previous high of 5.41% June 30.

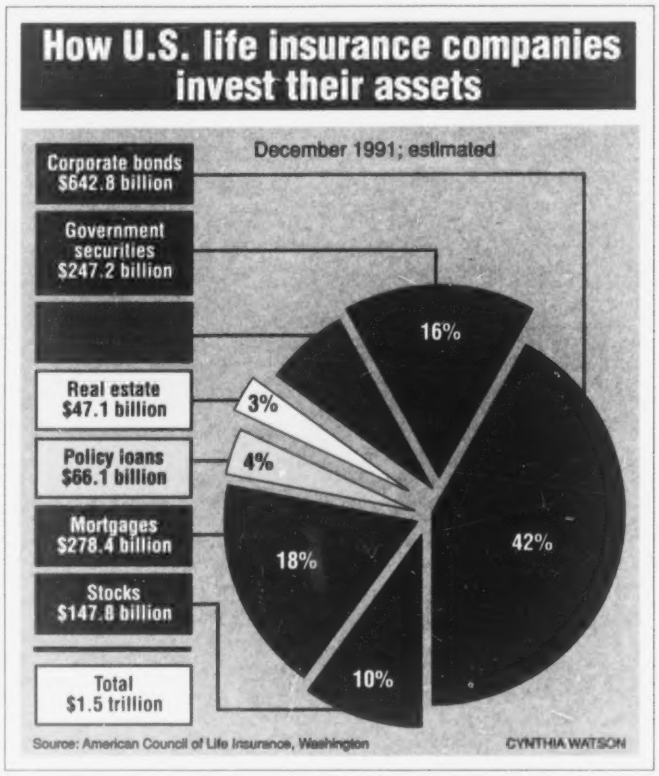
Commercial properties account for more than 90% of the $220 billion outstanding in life insurance companies' loans.

The overall delinquency rate was 5.61% Sept. 30, according to the Salomon report, and was an all-time high for the ACLI survey.

In a separate report, Duff & Phelps Inc., the Chicago credit rating agency, said insurance companies were major sellers of high-yield bonds during the past 18 months.

Without citing actual figures, Duff & Phelps said insurance companies have been selling junk bonds "primarily because of the poor perception of holding these assets."

— *Fred Williams*


How U.S. life insurance companies invest their assets

Source: American Council of Life Insurance, Washington

CYNTHIA WATSON

INTERNATIONAL

Canadian funds get foreign lift

■ The median Canadian pension fund posted a 17.9% total return in 1991, aided by stellar gains in foreign equity holdings and Canadian bonds, according to the Canadian Trust Universe Comparison Service, Toronto.

The funds' foreign equity holdings returned 29.1%, while the Canadian bond holdings returned 22.1%. In the fourth quarter, funds had a median gain of 5.4%, the service reported.

But funds failed to outpace both the Standard & Poor's 500 Stock Index in Canadian dollars, with its 1991 and fourth quarter gains of 30.1% and 10.6% respectively, and the Scotia-McLeod Inc. Universe Bond Index, which rose 22.1% for the year and 6.1% for the fourth quarter.

Balanced funds outperformed the Toronto Stock Exchange 300 Index for the year and fourth quarter. The index returned 12% and 4.6% respectively.

The funds' median 37% exposure to Canadian equities "helped drag down returns of the funds overall," said Gordon Garmaise, president of Garmaise Investment Technologies Inc., Toronto.

Garmaise Investment Technologies, together with Wilshire Associates, Santa Monica, Calif., runs the Canadian Trust Universe Comparison Service. It measures the performance of more than 800 Canadian pension fund portfolios, representing almost $45 billion Canadian ($38.1 billion U.S.).

— *Margaret Price*

PEOPLE

Haugen teams with DeMarche

■ Robert Haugen, author, educator, speaker and investment theorist, has signed a consulting contract with DeMarche Associates, Kansas City, Mo.

Mr. Haugen, professor of finance at the Graduate School of Management of the University of California at Irvine, will provide asset allocation and asset/liability modeling to selected DeMarche clients.

"There is a great deal of synergy between his research and some of the things we are working on as a firm and so naturally we are very pleased that Bob has agreed to join with us," Robert F. Marchesi, DeMarche president, said in a statement.

Although Mr. Haugen will not be ending his 17-year relationship with Milwaukee-based National Investment Services of America, NISA officials were calling around the country to assure clients — and other consultants — the Haugen-DeMarche pairing has no effect on NISA or its relations to Haugen.

"We have many relationships with consulting firms, but no ties to any of them," said Joseph Gorman, NISA president.

Mr. Haugen will continue to provide NISA with academic research and ideas that seek to encourage effective asset management. "He probably spans as wide an area as anybody" in investment management and theory, Mr. Gorman said.

— *Curtis Vosti*

FINANCING

LBO pool buys stake in Kash N Karry

■ Pension funds have bought controlling interest in Kash N Karry Food Stores Inc. through their investment in a leveraged buy-out fund.

The unidentified pension funds are investors in the $225 million Green Equity Investors fund. Leonard Green and Partners, a Los Angeles buy-out boutique, used $27.7 million from the fund to purchase 55% of Kash N Karry through newly issued shares.

Prior to the new issue, an LBO fund managed by Gibbons, Goodwin, van Amerongen, New York, held a controlling stake in the company. The new stock sale was the first part of an $80 million recapitalization of the company, announced two weeks ago.

Gibbons Goodwin put up an additional $2.3 million, which with its previous stake, left the firm's Fulcrum III fund with a 30% stake in the company. The $425 million Fulcrum III fund was raised from pension funds as well.

With this final stake, Fulcrum is now fully invested. The Green Equity Investors fund is about one-third invested, a Green and Partners official said.

— *Anne Schwimmer*

Kash n' Karry
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RICK DOLE

Pension fund investors now own 55% of Kash N Karry Food Stores through their investment in a leveraged buy-out fund.

ASSOCIATIONS

Analysts' group serves industry for 3 decades

■ A little more than 30 years ago, the Institute of Chartered Financial Analysts was formed to bring a greater degree of professionalism to security analysts.

The business surely needed it: a 1963 Securities and Exchange Commission study found that 89 of 141 advisers who had registered with the SEC during one three-month period had never worked in the securities industry before. In addition, more than 40% of them had no degree higher than a high-school diploma.

The Financial Analysts Federation spun off the ICFA Jan. 30, 1962, to be the source of accreditation of financial analysts and other investment professionals.

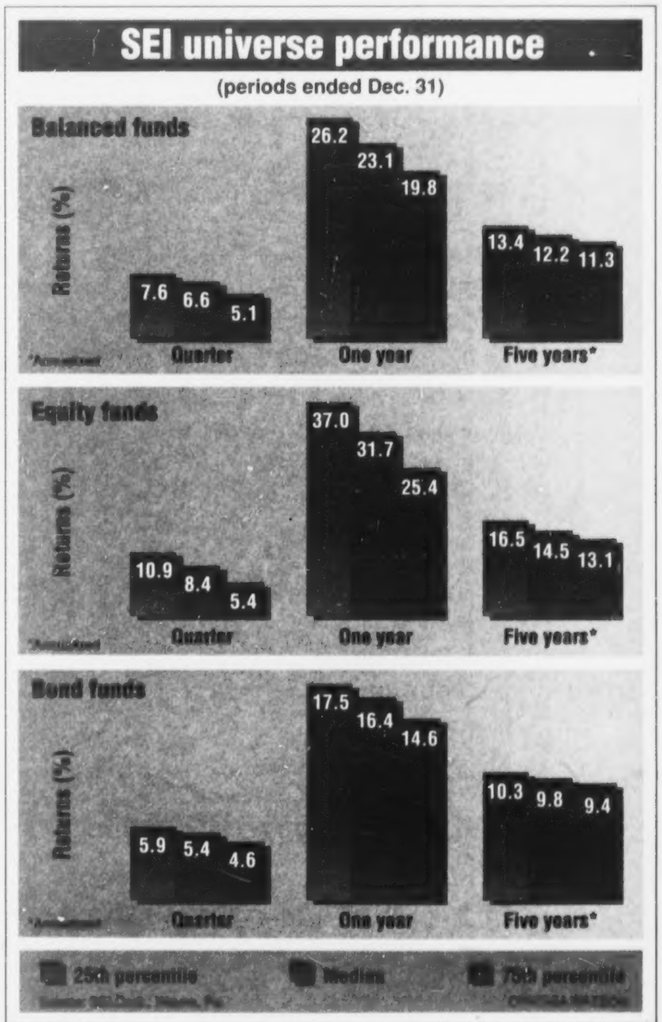
In June 1963, the ICFA administered its first CFA exam to 278 men and six women, of whom 16 failed. Now, earning a CFA requires passing three six-hour exams taken over a three-year period, and the program has become the standard for investment professionals in the United States and abroad.

Nearly 15,000 CFA charters have been awarded to date. An equal number of candidates now are enrolled in the program — one-sixth of whom live outside North America and come from 50 different countries.

Meanwhile, the ICFA merged back into the FAF in 1990, to form the Association for Investment Management and Research.

"We see the potential of the CFA designation becoming the international standard for investment professionals," said Darwin Bayston, president and chief executive officer of the AIMR.

— *Joel Chernoff*


SEI universe performance

(periods ended Dec. 31)

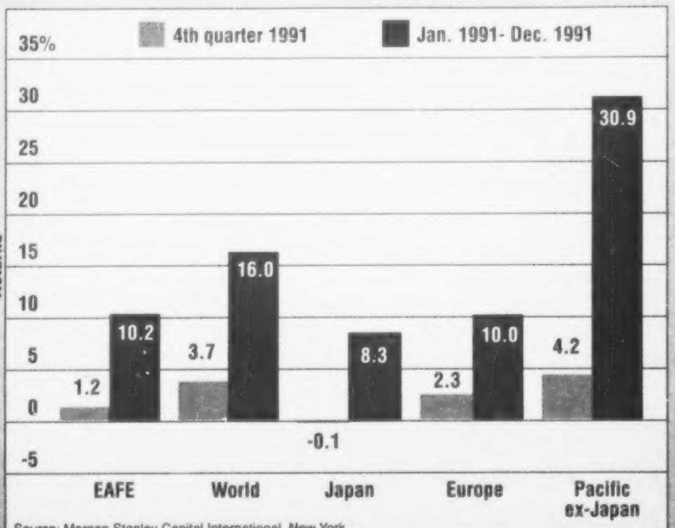
Source: SEI Corp., Wayne, Pa.

CYNTHIA WATSON

STATISTICALLY SPEAKING

MSCI Worldwide indexes

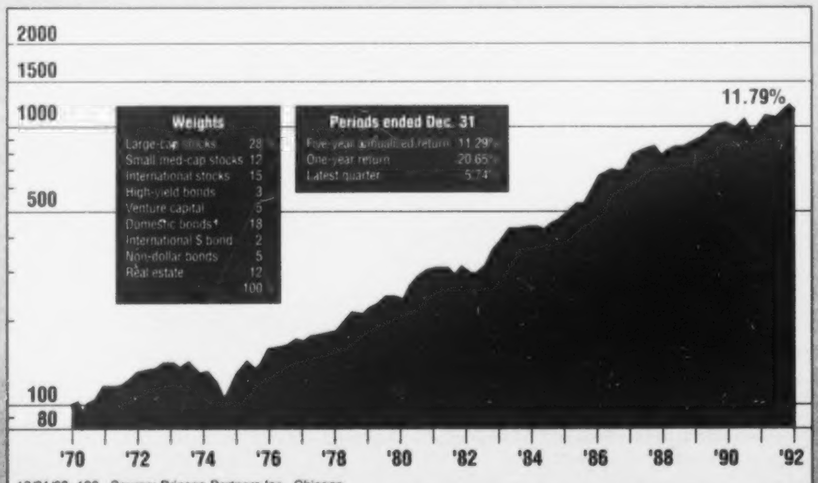
Indexes are in U.S. dollar terms without dividends re-invested



Source: Morgan Stanley Capital International, New York.

Multiple Markets Index

The Multiple Markets Index is a benchmark for total portfolio returns. It is composed of nine asset classes used by retirement plan executives; it is calibrated to reflect the same degree of risk of the typical pension portfolio; it uses passive fixed policy weights; and it represents the individual asset classes by the broadest and most complete market return data available.



12/31/69=100 Source: Brinson Partners Inc., Chicago

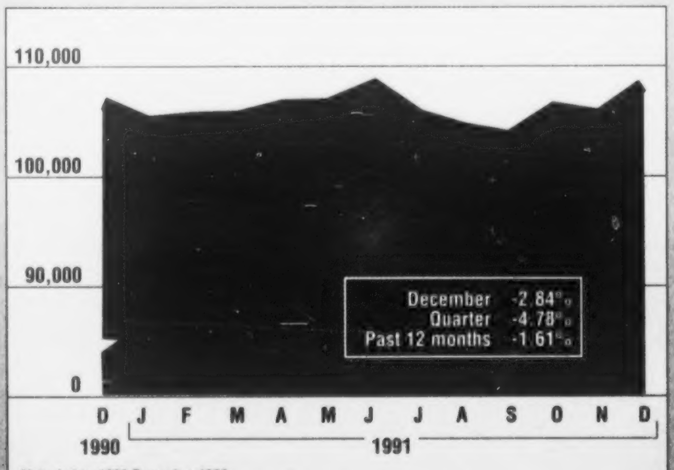
Russell indexes by economic sector

Fourth quarter 1991 returns

	Russell 3000	Russell 2000	Russell 1000
[illegible]	[illegible]	[illegible]	[illegible]
Consumer discretionary	9.71	3.68	10.21
[illegible]	[illegible]	[illegible]	[illegible]
Financial services	9.04	6.25	9.34
[illegible]	[illegible]	[illegible]	[illegible]
Integrated oils	-1.00	-14.09	-0.95
[illegible]	[illegible]	[illegible]	[illegible]
Other energy	-10.45	-10.73	-10.42
[illegible]	[illegible]	[illegible]	[illegible]
Technology	5.39	8.09	5.13
[illegible]	[illegible]	[illegible]	[illegible]
TOTAL	8.74	5.73	8.93

MLM Index

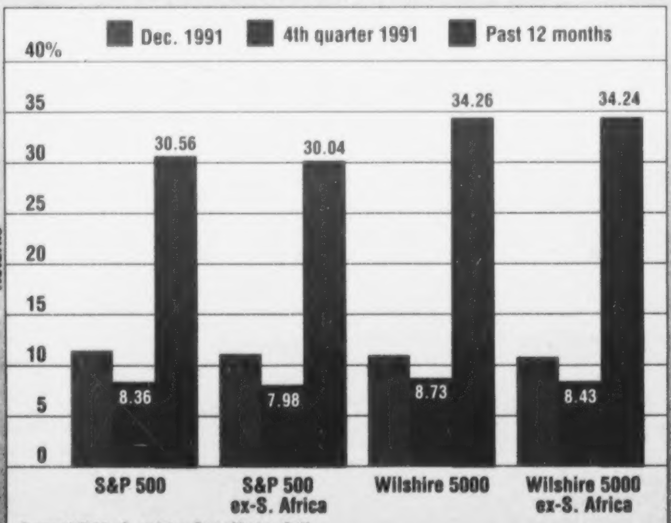
The MLM Index is an unleveraged index used as a benchmark to evaluate commodity futures investments. Periods ended Dec. 31.



Note: Index=1000 December 1960
Source: Mount Lucas Management Corp., Princeton, N.J.

South Africa Free Index

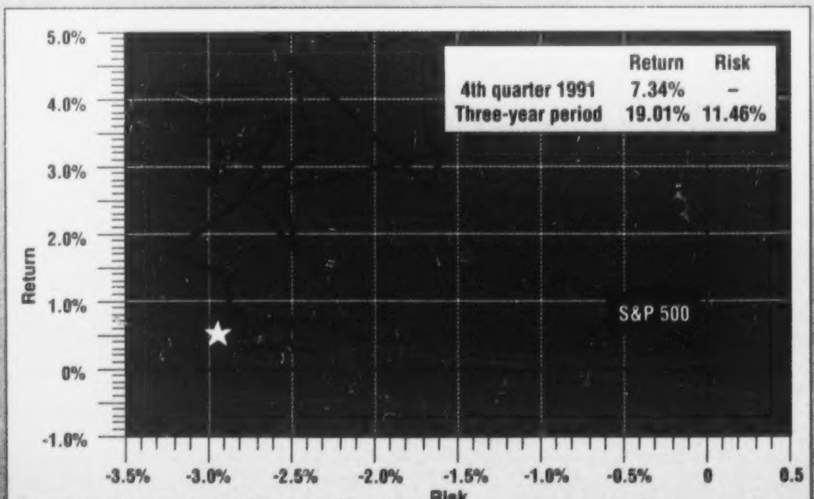
Ex-S. Africa excludes stock of companies with an equity stake in a South Africa business, no replacements.



Source: Wilshire Associates, Santa Monica, Calif.

An Efficient Index

The Efficient Index is an S&P 500 portfolio optimized for the lowest volatility during the previous two-year period, subject to four constraints. The line represents the return and risk figures for the optimized index relative to the S&P 500 during rolling three-year periods.



Source: National Investment Services of America Inc., Milwaukee

GRAPHICS BY CYNTHIA WATSON

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Falling interest rates reflect on contracts

GIC/BICs follow the downward trend

By Fred Williams

Rates on guaranteed investment instruments tumbled along with interest rates during the fourth quarter as demand slackened while investors turned to alternatives or waited for rates to improve.

The one percentage point cut in the discount rate in December resulted in an average 0.75 to 1.17 percentage point decline in GIC rates, depending on the term and deposit amount.

John Knight, president of Lamberson Knight Inc., a Short Hills, N.J., GIC brokerage firm, said rates on a five-year bullet contract declined to nearly 6.7%.

He said the drop in GIC rates should not dramatically affect 401(k) plan returns because most are based on a blended rate and, unless rates remain depressed for several years, the blended rate should remain attractive "compared with other alternatives."

Peter Bowles, chief investment officer at Fiduciary Capital Management Inc., Woodbury, Conn., said that "for the first time in several years" there were no signs of a significant year-end insurance issuer capacity constraint affecting the GIC market.

Mr. Bowles said the lack of a capacity crunch reflects better planning by plan sponsors in placing contracts throughout the year rather than waiting until the fourth quarter.

Mr. Knight said the slackened demand could be due partly to the use of GIC alternatives and other investment options, as well as some parking cash on the sidelines and waiting for a rate recovery.

The following insurance company rate quotes on bellwether five-year, single-deposit, simple interest, $1 million GICs were provided by Lamberson Knight and GIC Inc., Beaverton, Ore. The first number is for late December, the second for late September 1991:

- Allstate Life Insurance Cos., Northbrook, Ill.: 6.41% vs. 7.9%.
- Capital Initiatives Corp., Louisville, Ky.: 6.32%; no quote.
- CNA Insurance Co., Chicago: 6.44%; 7.34%.
- Confederation Life Insurance Co., Atlanta: 6.57%; 7.67%.
- Continental Assurance Co., Chicago: 6.34%; no quote.
- Hartford Life Insurance Co., Hartford, Conn.: 6.28%; 7.1%.
- John Hancock Mutual Life Insurance Co., Boston: 6.45%; 7.49%.
- Life Insurance Co. of Virginia, Richmond: 6.68%; 7.49%.
- Lincoln National Life Insurance Co., Fort Wayne, Ind.: 6.37%; 7.35%.
- Manufacturers Life Insurance Co., Toronto, 6.49%; no quote.
- Massachusetts Mutual Life Insurance Co., Springfield: 6.02%; no quote.
- Nationwide Life Insurance Co., Columbus, Ohio: 6.24%; no quote.
- New York Life Insurance Co., New York: 6.5%; 7.55%.
- Northwestern National Life Insurance Co., Minneapolis: 6.39%; 7.36%.
- Ohio National Life Insurance Co., Cincinnati: 6.73%; 7.6%.
- Pan American Life Insurance Co., New Orleans: 6.44%; no quote.
- Penn Mutual Life Insurance Co., Philadelphia: 6.46%; no quote.
- SAFECO Corp., Seattle: 6.77%; no quote.
- State Mutual of America, Worchester, Mass.: 6.49%; no quote.

William M. Mercer Asset Planning Inc., Deerfield, Ill., surveys insurance companies for rate quo-

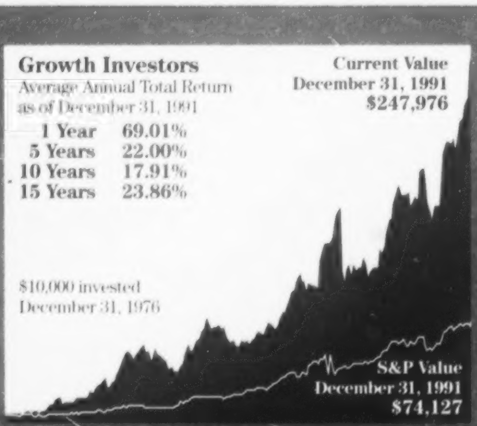
See **Speaking** *on page 20*

A FOCUS ON 401(k) RECORDKEEPING SERVICES

PERFORMANCE

SERVICE

FLEXIBILITY



Performance data quoted represents past performance. Investment return and principal value will fluctuate and redemption value may be more or less than original cost. Assumes reinvestment of dividends.

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Please read the prospectus carefully before investing. ©1992 Twentieth Century Services, Inc.

POWER plan revised to be more palatable

WASHINGTON — The Bush administration's POWER proposal for small business pension plans has been revised to make it more likely Congress would pass it.

The Pension Opportunities for Workers' Expanded Retirement plan is designed to encourage the formation of pension plans in smaller companies that don't have them by giving the companies the opportunity to avoid discriminatory testing in return for a minimum level of contributions.

When originally proposed, the Department of Labor set an annual 2% minimum contribution of salary for every eligible employee — whether or not they contributed to the plan. Among the revisions included in a recent Treasury Department budget report is reducing the minimum to 1%.

"The POWER proposal was, as (Labor Department) Secretary Martin said last year, always intended to be somewhat flexible and pliable to help it get passed," said a Department of Labor spokesman.

The spokesman said the revisions, of which the 1% funding minimum is the most significant, do not indicate the administration is giving up on the plan. Indeed, the administration is optimistic the provisions will be included in any pension simplification bill that comes out of Congress.

The spokesman said the revision was in response to the concerns of the U.S. Chambers of Commerce, the Small Business Administration and others that a 2% minimum would be too costly to encourage participation. ■

NLRB rules on plans' role

A multiemployer pension plan is not an agent of a contributing employer or the union when the plan adopts a suspension of benefits policy, the National Labor Relations Board has ruled.

On Nov. 8, 1989, the trustees of the International Union of Allied Craftsmen, Local No. 6, Retirement Fund, Chattanooga, Tenn., adopted a policy suspending benefit payments to retirees who went back to work for an area employer who did not contribute to the multiemployer plan.

Michael McCaslin, a retiree whose benefits were suspended, filed an unfair labor practices charge with the NLRB.

He charged that plan trustees, as officials of contributing employers or the International Union of Bricklayers and Allied Craftsmen, Local No. 6, were agents of the employers or union and were penalizing retirees who went to work for non-signatory employers.

But Administrative Law Judge William M. Cates recommended dismissing the charge, finding the 1974 Employee Retirement Income Security Act requires trustees to be fiduciaries and act solely in the interest of plan participants.

If a retiree went to work for a signatory employer, that helped strengthen the retirement plan, the judge said.

The NLRB unanimously adopted the recommendation. ■

STATISTICALLY SPEAKING

Speaking

Continued from page 18

tations and provided the following summary of various bullet GICs for December 1991:

- Three-year, $1 million, compound: high, 6.45%; low, 4.94%; average, 5.82%.
- Three-year, $1 million, simple: high, 6.41%; low, 4.95%; average, 5.78%.
- Five-year, $1 million, compound: high, 7.42%; low, 6%; average, 6.86%.
- Five-year, $1 million, simple: high, 7.4%, low, 5.91%; average, 6.75%.
- Seven-year, $1 million, compound: high, 8.01%; low, 6.46%; average, 7.39%.
- Seven-year, $1 million, simple: high, 7.75%; low, 6.55%; average, 7.2%.
- Three-year, $5 million, compound: high, 6.47%; low, 4.99%; average, 5.87%.
- Three-year, $5 million, simple: high, 6.44%; low, 4.91%; average, 5.83%.
- Five-year, $5 million, compound: high, 7.51%; low, 6.29%; average, 6.92%.
- Five-year, $5 million, simple: high, 7.44%; low, 5.78%; average, 6.78%.
- Seven-year, $5 million, compound: high, 8.07%; low, 6.52%; average, 7.44%.
- Seven-year, $5 million, simple: high, 7.82%; low, 6.46%; average, 7.25%.

Mercer also surveys banks for rate quotes on their instruments. Rates on one- and three-year bullet BICs for December were:

- One-year, $1 million, compound: high, 4.79%; low, 3.7%; average, 4.24%.
- One-year, $1 million, simple.: high, 5.3%; low, 3.7%; average, 4.36%.
- Three-year, $1 million, compound: high, 6.06%; low, 5.17%; average, 5.56%.
- Three-year, $1 million, simple: high, 6.41%; low, 5.14%; average, 5.65%.
- One-year, $5 million, compound: high, 4.84%; low, 3.78%; average, 4.3%.
- One-year, $5 million, simple: high, 5.35%; low, 3.78%; average, 4.43%.
- Three-year, $5 million, compound: high, 6.06%; low, 5.17%; average, 5.62%.
- Three-year, $5 million, simple: high, 6.44%; low, 5.14%; average, 5.72%.

Schmidt Management Co., a GIC market research and consulting firm in Tulsa, Okla., has developed a guaranteed product performance measurement index. The Schmidt GIC composite index approximates the return of a continuous weighted investment in one- to 10-year original maturity GICs. The index shows returns, not rates.

For the fourth quarter of 1991, the Schmidt GIC Composite Index had a total return of 2.1%, compared with 1.1% on 90-day Treasury bills, 8.4% for the Standard & Poor's 500 Stock Index and 5.2% by the Merrill Lynch Government/Corporate Bond Index. For the year, the GIC composite returned 9%. During the same period, 90-day Treasury bills returned 5.5%; the S&P 500, 30.5%; and the Merrill Lynch index, 16%. ■

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elderly people
want it most.

Health and growth winners in quarter

Chancellor fund rides trends to top spot

By Curtis Vosti

Health and growth stocks dominated the top equity funds in the fourth quarter's Pensions & Investments' Performance Evaluation Report.

The Emerging Health portfolio of Chancellor Capital Management, New York, led the commingled equity account returns for the short term, returning 26.16% in the quarter and a remarkable 115.78% for the year.

The fourth quarter pace was followed by IDS Trust, Minneapolis, with 24.25% for its Emerging Growth portfolio; Wellington Trust Co., Boston, with 23.47% for its Special Situation account; Trust Co. of the West, Los Angeles, with 21.64% for its Small Cap Growth portfolio; and Norwest Bank, Minneapolis, with 20.53% for its Large Company Growth account.

In the PIPER managed account returns, Cheswick Investment Co. Inc., Greenwich, Conn., led the pack with 27.4% for the fourth quarter with a fund heavily invested in biotechnology stocks. Its 94.85% return for the year was PIPER managed account's third best return.

On the fixed-income side, Boatmen's Trust Co., St. Louis, topped both the commingled and managed account returns in the fourth quarter with similar portfolios, based on economic forecasts and containing about 50% long bonds — 20% of which are zero coupons — with an average 25-year maturity and 30% agency mortgages. The returns were based on a forecast of lower inflation rates and lower interest rates.

In the quarter, the strategy returned 8.25% for the $200 million commingled fund and 8.15% for the $3 billion in managed accounts; for the year, the commingled account returned 22.46% and the managed account, 22.49%.

The big news was the more than 100% return for the commingled equity account run by Chancellor Capital Management.

According to Parag Saxena, managing director and portfolio manager, the trick was focusing on the health care industry, as the fund has since 1982.

"Last year what helped was being in health care. Just being there gave you 90 basis points of performance," Mr. Saxena said. "And the subsectors we emphasized gave us another 10 basis points."

Those subsectors included biotechnology stocks, comprising about 30% of the $125 million commingled portfolio, he said. Other categories included health service providers, health maintenance organizations and rehabilitation services.

About 35% of the portfolio is turned over each year, he said.

There were two major reasons for the sustained growth, he said: the graying of America and the explosion in applications of new technology.

"The breakthrough we had in the 1970s with biological services, coupled with the miniaturization of technology allows the industry to diagnose and treat illnesses in a way we couldn't have done 25 years ago," he said.

And although cost containment was a big theme in health care last year, it didn't and shouldn't hurt the fund's performance. "We're investing in the stocks, not in the aggregate cost of health care," he said. "We're making dollars even when cost containment becomes a theme."

The industry is secular rather than cyclical, he said. "It's been good through the whole decade of the 1980s and should be for the 1990s too," he said.

Internationally, Trust Co. of the West's global asset allocation fund led the commingled account returns with 6.74% for the fourth quarter and 26.42% for the year.

BEA Associates Inc., New York, led the PIPER managed accounts field with 5.88% for the quarter on its international equity portfolios; its 33.77% return for the year placed second to the 34.54% return by the International Value Account of Ladas & Hulings Inc., Scottsdale, Ariz.

The median PIPER returns for international equity managed accounts were 1.1% for the quarter and 12.6% for the year; in the commingled accounts, the medians were a respective 1.6% and 12.4%. In comparison, the Morgan Stanley Capital International Europe Australia Far East Index returned 1.8% for the quarter and 12.5% for the year.

The median returns for the PIPER commingled domestic equity accounts were 8.3% for the quarter and 32.1% for the year; for PIPER managed accounts the respective figures were 8.5% and 35.5%. In comparison the Russell 2,000 Index returned 5.7% and 46%, while the Standard & Poor's 500 Stock Index returned 8.4% and 30.5%.

For domestic fixed income, the median return for PIPER commingled accounts was 5.1% for the quarter and 15.7% for the year; the median PIPER managed accounts returned a respective 5.3% and 16.1%. The Shearson Lehman Brothers Government/Corporate Bond Index, for the same periods, returned 5.3% and 16.1%.

PIPER commingled accounts, formerly called PIPER, includes performance for funds that commingled client accounts for investment purposes. PIPER managed accounts, formerly PIPER+, includes only individually managed accounts.

The data for both universes are gathered and compiled by Rogers, Casey & Associates Inc., Darien, Conn. ■

PIPER commingled accounts

Periods ended Dec. 31

Equity

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	26.2	115.8	53.9	29.4	25.5
First quartile	10.6	40.7	21.0	16.5	17.9
Median	8.3	32.1	18.2	14.7	16.6
Third quartile	6.3	26.9	14.8	12.6	15.2
Lowest return	–1.6	5.5	–0.6	2.1	9.1
S&P 500	8.4	30.5	18.5	15.3	17.6
Russell 2000	5.7	46.0	11.0	9.3	12.4

Fixed Income

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	8.3	30.3	17.2	11.3	17.3
First quartile	5.6	16.6	13.0	9.9	13.8
Median	5.1	15.7	12.3	9.4	13.0
Third quartile	4.2	13.8	11.4	8.9	12.1
Lowest return	0.0	6.3	5.9	7.3	8.8
SLB G/C	5.3	16.1	12.8	9.6	13.7

JOHN HALL

PIPER managed accounts

Periods ended Dec. 31

Equity

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	27.4	104.7	51.3	38.3	37.4
First quartile	11.5	46.3	23.9	19.1	20.2
Median	8.5	35.5	18.6	15.5	18.2
Third quartile	5.9	29.1	15.0	13.2	16.5
Lowest return	–21.5	–19.5	–0.6	0.9	10.8
S&P 500	8.4	30.5	18.5	15.3	17.6
Russell 2000	5.7	46.0	11.0	9.3	12.4

Fixed Income

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	8.2	38.9	17.4	18.5	19.6
First quartile	5.8	17.4	13.5	10.5	14.6
Median	5.3	16.1	12.8	9.9	14.0
Third quartile	4.7	14.4	11.9	9.5	12.8
Lowest return	1.3	6.3	7.9	6.8	9.9
SLB G/C	5.3	16.1	12.8	9.6	13.7

Balanced

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	17.0	63.7	30.9	21.3	20.7
First quartile	8.9	29.3	17.9	14.6	17.3
Median	7.3	25.1	16.0	13.1	16.2
Third quartile	5.8	21.6	14.0	12.0	15.2
Lowest return	2.1	8.9	9.2	6.5	11.9

TAA

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	11.3	50.1	21.3	23.1	19.5
First quartile	9.0	29.6	17.1	16.5	18.9
Median	7.5	27.1	15.6	14.2	18.4
Third quartile	5.5	24.2	13.7	12.4	15.6
Lowest return	3.9	13.5	8.4	9.9	12.0

JOHN HALL

PIPER managed accounts

Periods ended Dec. 31

International equity

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	5.9	34.5	21.9	29.7	25.2
First quartile	2.5	15.9	9.5	12.9	19.4
Median	1.1	12.6	7.0	11.2	18.5
Third quartile	–0.7	9.3	3.5	9.1	17.9
Lowest return	–8.8	1.4	–3.4	2.1	15.2
MSCI EAFE	1.8	12.5	–1.5	9.0	18.5
FTA Europe & Pacific	1.9	12.6	–1.5	9.2	18.4

Global equity

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	13.7	46.6	26.9	17.4	22.2
First quartile	5.5	21.9	12.7	14.0	20.5
Median	2.9	18.6	10.2	11.5	18.7
Third quartile	1.6	13.4	8.3	8.8	17.3
Lowest return	–0.6	6.7	4.4	5.8	11.5
MSCI World	4.3	19.0	5.2	11.0	17.3
FTA World	4.4	19.7	5.3	11.3	15.9

JOHN HALL

Timberland returns top man-made properties

By Steve Hemmerick

Pension funds are getting better returns from raw timberland than from top-grade office, warehouse and regional mall properties, the Pensions & Investments' Performance Evaluation Report shows.

For the third quarter of 1991, Forest Investment Associates' $85 million Real Estate Fund, which invests in timberland, had the highest total return — 3.53% — for closed-end commingled real estate funds.

The return is about 210 basis points above the 1.4% median total return for real estate in closed-end funds for the third quarter and more than 350 basis points above the zero median total return for open-end funds.

Another timberland fund also did well in the third quarter. The $17 million Forestree I fund of the Hancock Timber Resource Group, Boston, returned 3.1%.

But huge real estate funds loaded with office, warehouse and retail properties haven't done as well. The $1.7 billion Real Estate Separate Account of Aetna Life Insurance Co. returned –0.29% for the third quarter; the $3.2 billion Property Investment Separate Account of Prudential Realty Group returned –0.11%; and the $3.6 billion Prime Property Fund of Equitable Real Estate Management Inc. returned –2.6% for the same period.

Office properties and strip and community shopping centers are in oversupply, and regional shopping centers have been hurt by department store bankruptcies and the recession. The recession also has hurt warehouse properties.

But one key reason for the high return from timberland, say investors, is a declining supply and a steady demand. "A lot of the government timberland is being taken off the market out West," said L. Richard Doelling, director of marketing for Forest Investment Associates, Atlanta.

While loggers are finding off-limits signs in the West, they also are finding fewer trees in the Southeast. In that area of the country, where Forest Investment Associates has 97% of its timberland, supply is declining. Unlike the West, where much of the timberland is on government land, the Southeast has mostly private timber farms.

"Private ownership, except for forest product companies, has not done a good job of reforesting," said Scott Jones, manager of portfolio strategy for Hancock Timber Resource Group.

Adding to the problem, said Mr. Doelling, is urbanization in the Southeast that is reducing the number of trees. Also, the much-touted paperless office, which was supposed to be spurred by the computer revolution, never came about. U.S. business is actually "cranking out" more paper through use of computer printers, copy machines and facsimile telecopiers, said Mr. Doelling.

Another high performer in the third quarter was First National Bank of Chicago's First Apart-

See **Timber** *on page 24*

Top decile PIPER commingled fixed-income funds

3-month returns

	%
Boatmen's Trust (Var. mat.)	8.3
Prudential (Long term)	6.9
U.S. Trust Co. N.Y.	6.9
Pacific Financial	6.7
NCNB (Long term)	6.6
UBS Asset (CMB long term)	6.6
United Capital	6.4
Aetna Life	6.4
Equitable Capital (Strategic)	6.3
Manufacturers Detroit	6.3
Manufacturers Affiliated	6.3
Puget Sound Nat'l	6.2
The New England (S.A.)	6.2
Life of Virginia Aon	6.2
Riggs Nat'l Bank	6.2
Citizens Fidelity (Active)	6.2
Lee, Robinson & Steine	6.1
Lincoln Nat'l (Corp.)	6.1
CL Capital	6.0
Society Nat'l Bank	6.0
Boatmen's First Nat'l Bank	6.0
Prudential (PRIVEST)	6.0
First Fidelity	6.0
Fleet Bank	6.0
Transamerica Invst.	5.9
Hawaiian Trust (Aggress.)	5.9
First Nat'l Bank Maryland	5.9
SLB G/C	**5.3**

1-year returns

	%
Wellington Trust (Emerg.)	30.3
Connecticut Mutual	25.6
Boatmen's Trust (Var. mat.)	22.9
Life of Virginia Aon	20.7
Penn Mutual (S.A. C)	19.9
Aetna Life	19.8
The Phoenix (Mgd.)	19.6
Pacific Financial	19.4
Puget Sound Nat'l	19.2
NCNB (Long term)	19.1
Northern Trust	19.0
UBS Asset (CMB long term)	18.7
Prudential (Long term)	18.7
Imperial Trust	18.7
Beverly Trust	18.7
First Nat'l Bank/Amarillo	18.6
The New England (S.A.)	18.5
Provident Capital	18.4
Prudential (PRIVEST)	18.4
Massachusetts Mutual (Interm.)	18.2
Capital Trust	18.1
U.S. Trust Co. of N.Y.	18.1
U.S. Nat'l Oregon/Qualivest	18.1
United Capital	18.0
Southwest Nat'l Bank of Pa. (F)	17.9
SLB G/C	**16.1**

5-year returns

	%
Aetna Life	11.3
Pacific Financial	11.3
Transamerica Invst.	11.2
Equitable Capital (Strategic)	11.0
First Nat'l Bank/Maryland	11.0
Beverly Trust	11.0
J.P. Morgan Invst.	10.9
First Nat'l Bank/Amarillo	10.8
Prudential (PRIVEST)	10.8
Harris Trust	10.8
Boatmen's Trust (Var. mat.)	10.7
The Principal	10.7
Bankers Trust (Gov't guar. mtg.)	10.6
U.S. Trust Co. N.Y.	10.6
NCNB (Mtg.)	10.5
Marinvest (Total return)	10.5
Meridian	10.5
IAA Trust	10.5
First Alabama Bank	10.5
Wachovia Invst.	10.3
Summit Trust	10.3
First Wisconsin (Struc.)	10.2
United Capital	10.2
NBD Bank	10.2
The New England (S.A.)	10.2
SLB G/C	**9.6**

10-year returns

	%
Transamerica Invst.	17.3
Boatmen's Trust (Var. mat.)	16.5
United Capital	16.5
Meridian	15.9
Life of Virginia Aon	15.6
IAA Trust	15.5
Pacific Financial	15.2
Equitable Capital (Strategic)	15.1
First Nat'l Bank/Amarillo	15.1
Beverly Trust	15.0
First Kentucky Trust	15.0
ASB Capital (Total return)	14.9
Society Nat'l Bank	14.9
John Hancock Mutual (1D)	14.8
Prudential (PRIVEST)	14.8
Aetna Life	14.7
Colorado Nat'l Bank	14.7
SLB G/C	**13.7**

Top decile PIPER commingled equity funds

3-month returns

	%
Chancellor Capital (Health)	26.2
IDS Trust (Em. gro. E)	24.3
Wellington Trust (Sp. sit.)	23.5
Trust Co./West (Sm. cap. gro.)	21.6
Norwest Bank (Lg. co. gro.)	20.5
Princeton Bank (Sm. cap. gro.)	20.4
Metropolitan Life (Cap. apprec.)	20.4
Bankers Trust (Sm. cap.)	18.9
American Nat'l (Growth)	17.9
Bankers Trust (Cap. apprec.)	17.7
Fleet Bank (Supp.)	17.6
The New England (Cap. gro.)	16.8
Equitable Capital (Sp. gro.)	16.6
First of America (Sm. cap. val. E)	16.6
Lincoln Nat'l (Select)	16.2
IDS Trust (Core gro.)	16.2
Shearson Lehman (Flex. gro. E)	16.0
Chancellor Captial (Sel. gro.)	15.7

Timber

Continued from page 23

ment fund, which had a total return of 2.1%. Managed by JMB Institutional Realty Advisors, Chicago, the $52 million fund invests in garden apartments.

Tied for fourth place were the Closed End II fund of Metropolitan Life Insurance Co., New York, which has a net asset value of about $64 million, and the $23 million VCA-5 fund of The Mutual Benefit Life Insurance Co., Newark, N.J. Both insurance company funds had a total return of 2.1% for the quarter.

Two funds of Star Bank, Cincinnati — the $12 million Personal Trust and $5.4 million Employee Benefit Trust funds — scored first and second for open-end funds in the third quarter, returning 4.56% and 4.44% respectively. Both funds invest in real estate investment trusts and real estate company securities, and both benefited from the rebound in the REIT market in 1991, said James Espey, fund manager/equity analyst in the capital management division of Star Bank.

Prudential Realty Group, Newark, N.J., manages the No. 3 performer, the $150 million Union Mortgage Account. It invests in straight mortgages in office, retail and industrial properties built or renovated by union labor. The fund, which returned 3.2% for the quarter, benefited from the increased value of the mortgages as a result of declining interest rates.

Another mortgage fund that invests in union-built and union-renovated properties, the ‡148 million MSA-J fund of Union Labor Life Insurance Co., Washington, came in fourth at 2.9%.

Another timberland fund ranked fifth for open-end funds, the $875 million Separate Account fund of Hancock Timber, which returned 1.4% for the third quarter. The PIPER Commingled Funds Report, formerly known as PIPER, covers 20 open-end real estate funds and 58 closed-end funds. The data are compiled by Rogers, Casey & Associates Inc., Darien, Conn. ■

HARRIS CONVERSATIONS FOR THE 90S:

SIMPLE TRUTHS ABOUT INTERNATIONAL COMPETITION

A DISCUSSION WITH A SELECT GROUP OF BUSINESS EXECUTIVES

A group of forward-looking senior executives met recently at the Harris Bank to discuss the challenges and complexities of international competition.

Two simple truths emerged:

1. Many issues affecting global competition are beyond our control.

2. U.S. business leaders must focus on the competitive factors they can immediately influence.

Excerpts from their conversation follow:

"It's clear that meeting the international challenge is not necessarily well understood in Washington."

First Executive: While the Japanese and the Europeans have differing degrees of economic sanctuary, we have to overcome domestic hurdles to international competition.

For example, in 1986 Congress created Section 864(e) in the Tax Code. The interest expense allocation formula in this section basically assumes that a U.S. company with overseas assets that borrows money in the United States does so to fund offshore operations in order to get a bigger interest deduction and lower tax bill here.

The formula's net effects are, first, to increase a company's U.S. tax bill by decreasing the amount of deductible interest expense, which can add up to several million dollars; and second, to drive U.S. companies away from the international marketplace by making offshore investments less attractive.

No European country does this to its companies. And the Japanese certainly don't.

"Another issue is that the cost of capital is substantially lower in other countries than it is here."

Second Executive: Japanese public companies can get much different multiples on earnings, so they can raise public money incrementally at a much lower effective cost in terms of earnings averages.

Also, Japanese banks make capital available much more readily and cheaply since frequently they're major equity holders in Japanese companies. There's more to gain when they can participate in a company's growth, so they're much more willing to provide capital.

"Lower capital costs mean the Japanese can take a completely different view on returns."

Third Executive: We're in a 50/50 joint venture with a Japanese company. Our Japanese partner's cost of capital is one-quarter of ours. Given the time value of money, we must make a higher return up front. There's no way to catch up if a project goes beyond six or seven years with an 18 percent rate.

"You can't only look at your return on capital, especially if you're going into a foreign market."

Fourth Executive: Your payback could be in two years or 20, and 20 years scares us to death. Instead, you look at the reasons for the investment. What are the opportunities? What are the threats if we don't do it?

"U.S. companies are doing themselves a terrible disservice with their myopic short-term focus."

Fifth Executive: The demand for return is much more severe in this country than in others, and that comes out of our tendency to focus on short-term horizons. So in U.S. companies, people start walking away from capital expenditures if the payback is longer than a year. Japanese companies look at a capital investment and see markets penetrated, share captured and dominance achieved, not just a short-term return.

"Why do we put these payback demands on ourselves?"

Sixth Executive: I think it has to do with the United States being a country for the individual, with the ideal that if you work hard enough, claw your way to the top, you'll find the streets paved of gold.

In Japan, it's very different. You work together for the common good of your company, your country or whatever.

Our focus on the individual has a great deal of influence on maintaining self-serving short-term horizons.

"We've created these short-term pressures and accepted a short-term view. So it's a tough, tough cycle to stop."

Seventh Executive: We do quarterly reports that show how good we are as managers of the company. Then there's stock price. We raise money, make acquisitions, and pay managers with stock, so we say we must have that return to keep stock prices climbing.

We're never going to be able to compete with the Japanese cost of capital. It's a totally different system and always will be. But we can, and need to, really slow down and look at things from a longer-term perspective. Corporate America would be better off if we could inject some patience.

"Simple Truths" is the sixth in a series of Harris Conversations for the 90s.

Other topical roundtables that can help Harris customers be more competitive will follow.

To receive a copy of the complete discussion, which includes strategies to engineer an advantage for American business through better management, call Harris Bank at (312) 461-5554.

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Pacific Financial (Cap. apprec.)	15.7
ASB Capital (Special)	15.6
First American Bank Georgia	15.5
Metropolitan Life (S.A. 40)	15.2
American Nat'l	15.2
Lincoln Nat'l (Sp. opp.)	15.1
Deposit Guaranty (Sp. opp.)	15.1
Meridian (Quest)	14.8
First Wisconsin (Core gro.)	14.8
Wilmington Trust (Growth)	14.7
First Wisconsin (Em. gro. E)	14.6
PW Trust (Em. gro. E)	14.5
NCNB (Growth)	14.5
First Wisconsin (Sm. cap. gro.)	14.3
New York Life (Growth)	14.0
Chancellor Capital (Growth)	13.8
CoreStates Invst. (Growth)	13.6
S&P 500	**8.4**
Russell 2000	**5.7**

1-year returns

	%
Chancellor Capital (Health)	115.8
Bankers Trust (Sm. cap.)	92.0
Princeton Bank (Sm. cap. gro.)	91.9
Wellington Trust (Sp. sit.)	90.6
Equitable Capital (Sp. gro.)	88.1
Trust Co./West (Sm. cap. gro.)	85.2
Meridian (Quest)	80.4
First Wisconsin (Em. gro. E)	75.2
Norwest Bank (Sm. co. gro.)	74.6
Bankers Trust (Cap. apprec.)	72.9
IDS Trust (Em. gro. E)	72.1
Metropolitan Life (Cap. apprec.)	70.4
New York Life (Growth)	69.6
Norwest Bank (Lg. co. gro.)	68.7
ASB Capital (Sp.)	68.1
Manufacturers Detroit (Sm. cap.)	64.5
Shearson Lehman (Sm. cap.)	62.7
Bessemer Trust (Sm. cap.)	60.7
Provident Mutual (Agg.)	60.7
Deposit Guaranty (Sp. opp.)	60.0
Shearson Lehman (Flex. gro. E)	59.7
Barnett Banks (Em. gro. E)	59.6
Fleet Bank (Supp.)	59.2
Lincoln Nat'l (Sp. opp.)	58.9
Chancellor Capital (Sel. gro.)	58.3
General American (Sm. cap.)	58.3
Texas Commerce (Sm. cap.)	58.1
PW Trust (Em. gro. E)	57.8
Provident Capital (Sp.)	57.4
The New England (Cap. gro.)	56.6
Second Nat'l Bank (Growth)	56.0
Chancellor Capital (Growth)	55.7
U.S. Nat'l Oregon/Qualivest	55.4
Wilmington Trust (Growth)	53.9
First Wisconsin (Core gro.)	53.3
Russell 2000	**46.0**
S&P 500	**30.5**

5-year returns

	%
Chancellor Capital (Health)	29.4
Equitable Capital (Sp. gro.)	25.0
Chancellor Capital (Sel. gro.)	25.0
Shearson Lehman (Flex. gro. E)	24.4
Wellington Trust (Sp. sit.)	23.5
Norwest Bank (Sm. co. gro.)	23.2
Lincoln Nat'l (Sel.)	22.7
IDS Trust (Core gro.)	22.6
Chancellor Capital (Growth)	22.2
Trust Co./West (Sm. cap. gro.)	22.0
Shearson Lehman (Sm. cap.)	21.4
Lincoln Nat'l (Sp. opp.)	21.1
The Phoenix (Growth)	20.9
IDS Trust (Em. gro. E)	20.9
State Street (Matrix syn.)	20.8
Deposit Guaranty (Sp. opp.)	20.2
Sun Bank Capital	20.1
Pacific Financial (Cap. apprec.)	20.0
Connecticut Nat'l (Sp.)	20.0
First Wisconsin (Sm. cap. gro.)	19.9
Equitable Capital (S.A. 4)	19.8
Trusco Capital (Sun Belt)	19.6
The New England (Cap. gro.)	19.5
First Wisconsin (Core gro.)	19.4
Norwest Bank (Lg. co. gro.)	19.4
Markston Invst. (V.A.)	19.3
Mark Twain Trust	19.2
Meridian	19.2
Bankers Trust (Cap. apprec.)	19.0
S&P 500	**15.3**
Russell 2000	**9.3**

10-year returns

	%
Sun Bank Capital	25.5
Pacific Financial (Cap. apprec.)	23.5
Norwest Bank (Sm. co. gro.)	22.0
The New England (Cap. gro.)	21.4
Manufacturers Detroit	20.7
Connecticut Nat'l (Sp.)	20.7
Chancellor Capital (Growth)	20.6
First Nat'l Bank/Amarillo	20.2
U.S. Nat'l/Galveston	19.8
First Wisconsin (Sm. cap. gro.)	19.8
Bankers Trust (Cap. apprec.)	19.4
First NH Invst. (Value)	19.4
Manufacturers Affiliated (Growth)	19.4
Merus Capital (Income)	19.3
Nationwide Life	19.2
NCNB (Income)	19.2
Manulife Financial	19.2
Chancellor Capital (Indexplus)	19.2
Equitable Capital (Sp. gro.)	19.2
Provident Mutual (Value S.A. 1)	19.2
Meridian	19.1
S&P 500	**17.6**
Russell 2000	**12.4**

Top half PIPER commingled international equity funds

3-month returns

	%
Trust Co./West (Global)	6.7
IAA Trust	6.0
IDS Trust	5.8
Fist NH-Bank of Ireland	5.5
FTA World	**4.4**
MSCI World	**4.3**
Wilmington Trust	4.2
Putnam Cos.	4.0
Connecticut Mutual (Overseas)	3.1
CL Capital Mgmt.	2.7
J.P. Morgan Invst.	2.5
Provident Capital (Low p/e)	2.4
The Principal	2.1
Citibank Invst.	2.1
FTA Europe & Pacific	**1.9**
Lincoln Nat'l (S.A.)	1.8
MSCI EAFE	**1.8**
Wellington Trust (Pacific Basin)	1.7
Wells Fargo Nikko (EAFE)	1.6

1-year returns

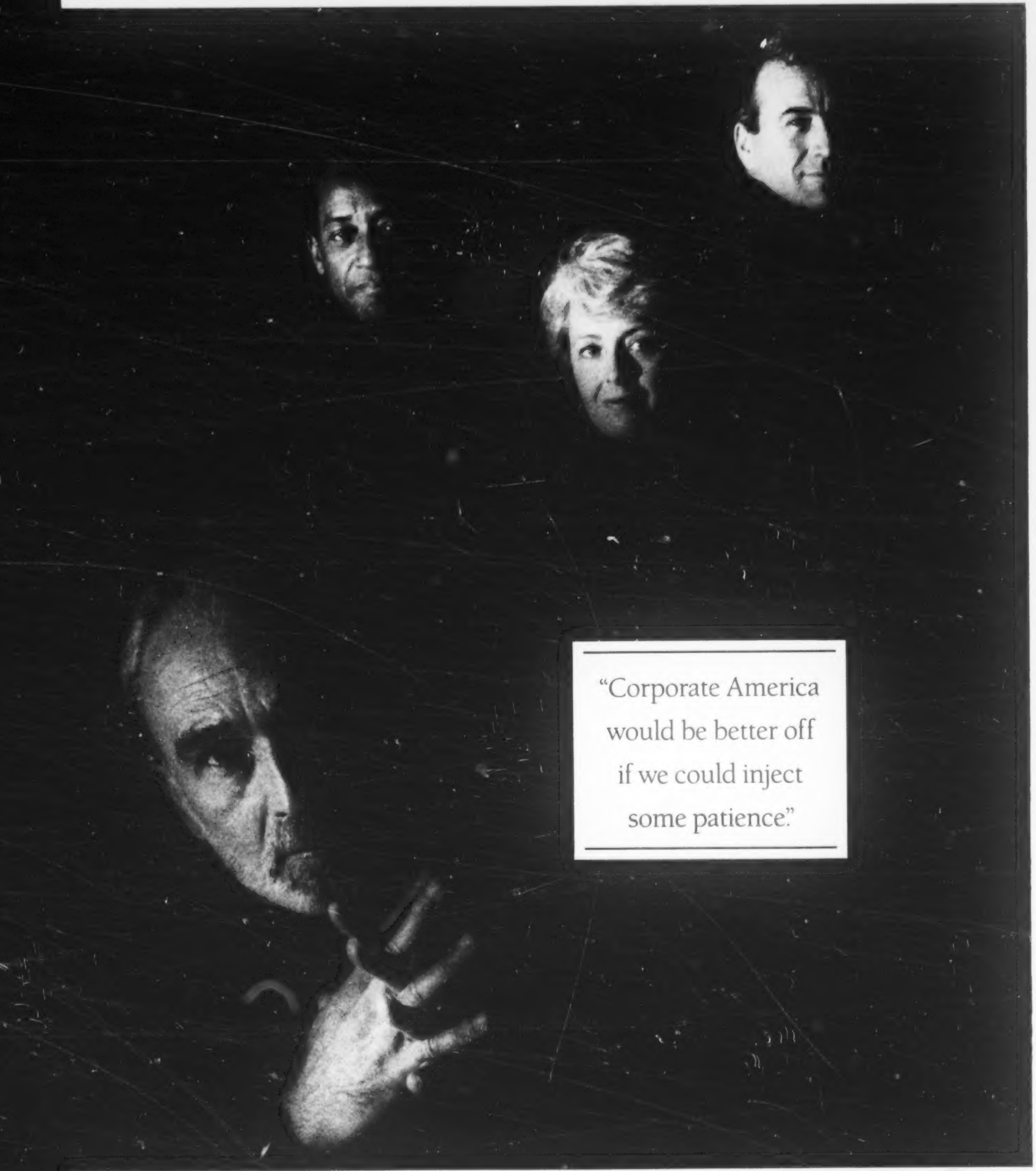
	%
Trust Co./West (Global)	26.4
CL Capital Mgmt.	24.0
Wellington Trust (Pacific Basin)	20.3
FTA World	**19.7**
MSCI World	**19.0**
Connecticut Mutual (Overseas)	18.4
The Principal	17.7
J.P. Morgan	17.7
Putnam Cos.	17.2
Wilmington Trust	16.0
Citibank Invst.	15.4
Provident Capital (Low p/e)	14.8
Harris Trust	14.0
IAA Trust	13.8
First NH-Bank of Ireland	13.2
Wells Fargo Nikko (EAFE)	12.6
FTA Europe & Pacific	**12.6**
Bankers Trust	12.5
MSCI EAFE	**12.5**

5-year returns

	%
CL Capital Mgmt.	16.4
CIGNA Int'l Invst.	14.4
Provident Capital (Low p/e)	14.3
Putnam Cos.	11.4
FTA World	**11.3**
U.S. Trust Co. N.Y.	11.0
MSCI World	**11.0**
Bankers Trust	10.5
Wellington Trust (Pacific Basin)	10.2
Lincoln Nat'l (S.A.)	9.4
Wells Fargo Nikko (EAFE)	9.3
FTA Europe & Pacific	**9.2**
MSCI EAFE	**9.0**
State Street Asset	8.8

10-year returns

	%
Putnam Cos.	19.1
MSCI EAFE	**18.5**
FTA Europe & Pacific	**18.4**
State Street Asset	18.3
Bankers Trust	18.3
Wells Fargo Nikko (EAFE)	17.8
MSCI World	**17.3**
FTA World	**15.9**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*Periods ending 12/31/91

Top decile PIPER managed fixed-income accounts

3-month returns

	%
Boatmen's Trust (Variable)	8.2
McCowan Associates	8.1
Anhalt/O'Connell (Ext. mat.)	8.0
Investment Advisors	7.7
Trust Co./West (Mtg.-backed)	7.4
Dewey Square (Active)	7.2
Dewey Square (Mtg.)	7.1
Criterion Invst. (Long)	7.1
Hoisington Invst.	7.0
Discount Corp. of N. Y.	7.0
Smith Affiliated	6.9
Blackstone Financial (Mtg./treas.)	6.8
Redstone Advisors (Act. dur.)	6.8
Waddell & Reed Asset (Total ret.)	6.8
Safeco Asset (Act. dur.)	6.7
Investment Advisers (Act. dur.)	6.7
1838 Invst. (Act.)	6.7
Leshner Financial (Treas.)	6.7
Jamison, Eaton Wood (Act. dur.)	6.6
Durkee Capital (Reactive)	6.5
Independence One (PRIMA X)	6.5
STW Fixed Income (Long)	6.4
SLB G/C	**5.3**

1-year returns

	%
Bell Capital (Mgd.)	38.9
Loomis, Sayles	27.6
Scheetz, Smith	26.6
Boatmen's Trust (Variable)	22.5
Trust Co./West (Mtg.-backed)	21.7
Kemper Asset (Plus)	21.1
STW Fixed Income (Long)	20.9
McCowan Associates	20.3
Denver Invst. (Long-term)	20.2
Dewey Square (Mtg.)	20.1
Loomis, Sayles/Pasadena	20.1
Blackstone Financial (Mtg./treas.)	20.0
Loomis, Sayles (Invst. grade)	19.8
Durkee Capital (Reactive)	19.8
Criterion Invst. (Long)	19.7
Bradford & Marzec (Long dur.)	19.5
Bea Associates (Act.)	19.5
Waddell & Reed Asset (Total ret.)	19.3
Investment Advisors	19.3
Standish, Ayer & Wood (Act.)	18.9
Redstone Advisors (Act. dur.)	18.8
Smith Affiliated	18.8
Bradford & Marzec	18.7
Scudder Stevens Clark (Act. val.)	18.5
SLB G/C	**16.1**

5-year returns

	%
Lara Luchsinger & Dietze (Treas.)	18.5
Bell Capital (Mgd.)	14.3
Fox Asset (Interm.)	13.6
Trust Co./West (Mtg.-backed)	13.1
GW Capital (Sec. rotation B)	12.4
Hoisington Invst.	12.4
Criterion Invst. (Long)	12.0
Morgan Grenfell Capital	11.9
Durkee Capital (Reactive)	11.9
McKee Invst.	11.9
First Pacific (Interm.)	11.7
Jamison, Eaton Wood (Act. dur.)	11.6
U.S. Trust of California	11.5
Criterion Invst. (Mtg.)	11.3
Bridgewater Asset (Act. dur.)	11.3
Capstone Asset	11.2
Philadelphia Invst.	11.2
McCowan Associates	11.2
Analytic Invst. (Plus)	11.1
Tom Johnson Invst.	11.1
Pacific Invst. (Total return)	11.1
Equitable Capital (No. 5)	11.0
SLB G/C	**9.6**

10-year returns

	%
Bridgewater Asset (Act. dur.)	19.6
STW Fixed Income (Long)	17.5
Morgan Grenfell Capital	16.5
Patterson Capital (Interm.)	16.1
Smith Affiliated	16.0
Boatmen's Trust (Variable)	15.9
Meridian Invst.	15.9
Denver Invst. (Long term)	15.9
Standish, Ayer & Wood (Act.)	15.9
Loomis, Sayles	15.7
Putnam Cos.	15.5
Pacific Invst. (Total return)	15.5
Kemper Asset (Plus)	15.5
Ferguson & Wellman (Rate antic.)	15.5
Jamison, Eaton Wood (Act. dur.)	15.3
SLB G/C	**13.7**

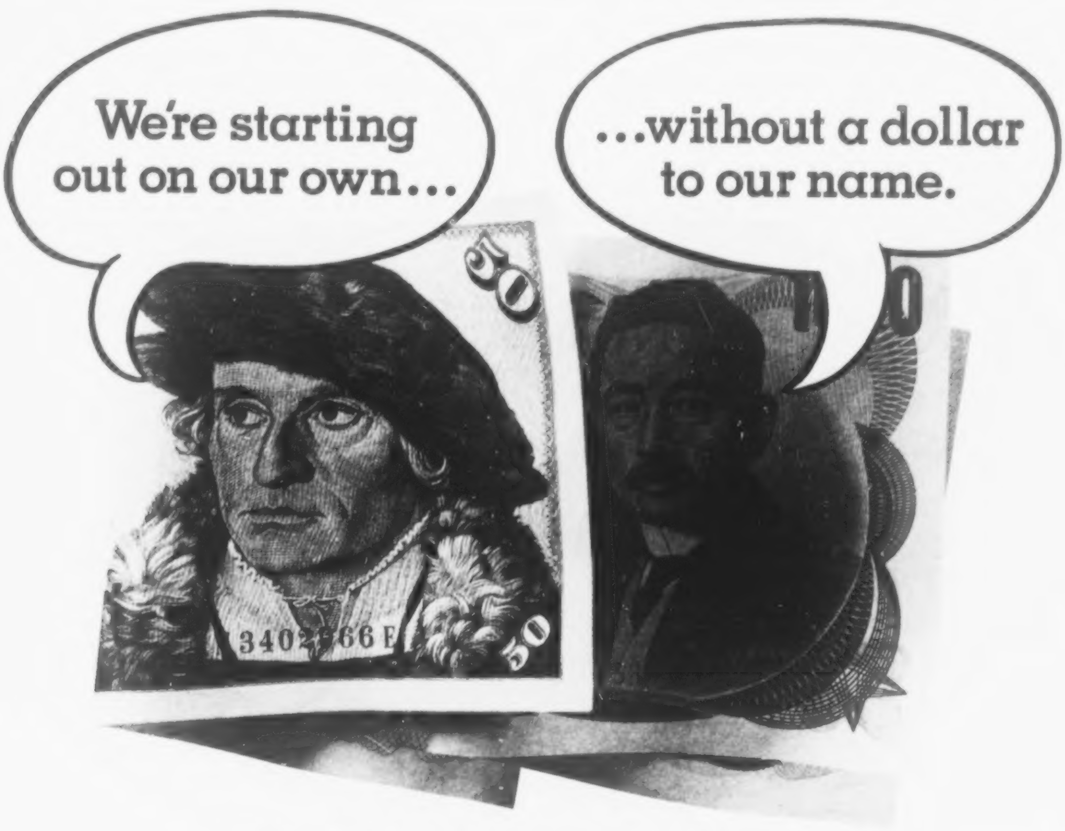
Top half PIPER managed international fixed-income accounts

3-month returns

	%
Rogge Global Partners	12.0
Brinson Partners	11.5
Julius Baer Invst.	11.5
Scudder Stevens & Clark	10.9
Citibank Invst.	10.8
Salomon World Gov't Bond	**10.5**
Wells Fargo Nikko (Gov't)	10.4
Rowe Price-Fleming	9.7
Baring Int'l	9.4

1-year returns

	%
Baring Int'l.	25.1
Scudder Stevens & Clark	22.4
Rogge Global Partners	22.0
WorldInvest (IPBF)	21.1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Brinson Partners	20.9
Julius Baer Invst.	19.9
Fiduciary Trust Co. Int'l	19.2
Rowe Price-Fleming	19.2
Salomon World Gov't Bond	**16.3**

5-year returns

	%
Putnam Cos.	19.3
Baring Int'l	16.8
Fiduciary Trust Co. Int'l	16.0
Brinson Partners	15.7
WorldInvest (IPBF)	15.1
Salomon World Gov't Bond	**12.4**

10-year returns

	%
Fiduciary Trust Co. Int'l	16.6
WorldInvest (IPBF)	16.3
Salomon World Gov't Bond	**na**

Money manager profiles will appear in the May 18 issue.

What good is a great retirement plan if it's mismanaged?

No amount of return is worth the hassle of a 401(k) with lousy recordkeeping. After all, the bulk of your funds are in GIC investment options to begin with.

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IDS Trust is a division of IDS Bank & Trust.

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Top half PIPER managed global fixed-income accounts

3-month returns

	%
Massachusetts Financial	10.2
Massachusetts Financial	10.1
Rogge Global Partners	9.7
Smith Barney Capital	9.7
Van Eck Associates	8.7
Brinson Partners	8.6
Julius Baer Invst.	8.4
Putnam Cos.	8.3
Alliance Capital	8.3
Salomon World Bond	**8.2**
G.T. Capital	7.9
Fiduciary Trust Co. Int'l	7.0

1-year returns

	%
Rogge Global Partners	20.9
Van Eck Associates	20.4
Brinson Partners	20.1
Smith Barney Capital	20.1
WorldInvest	19.8
Baring Int'l (1)	19.2
Julius Baer Invst.	18.9
Fiduciary Trust Co. Int'l	18.1
Salomon World Bond	**18.0**
G.T. Capital	17.7
RCB Int'l	17.0
Putnam Cos.	16.7

5-year returns

	%
Putnam Cos.	20.0
Massachusetts Financial	14.8
WorldInvest	14.5
Baring Int'l (1)	14.2
Smith Barney Capital	13.4
Fiduciary Trust Co. Int'l	12.9
Salomon World Bond	**11.1**

10-year returns

	%
WorldInvest	19.2
Massachusetts Financial	17.1
Brinson Partners	16.3
Salomon World Bond	**14.3**

Top decile PIPER managed equity accounts

3-month returns

	%
Cheswick Invst.	27.4
Oak Associates (Growth)	24.8
IDS Advisory (Spec. emerg.)	23.5
Essex Invst. (Growth)	23.0
Investors Res. (20th Cent. gro.)	22.5
Chancellor Capital (Sm. cap. gro.)	22.3
Essex Invst. (Emerg. gro.)	21.8
Trust Co. West (Sm. cap. gro.)	21.6
Jundt Associates (Emerg. gro.)	21.6
Scudder Stevens Clark (Sm. co.)	21.0
Hutchinson Richardson (Act.)	20.9
Peregrine Capital (Growth)	20.7
Cohen, Davis & Marks	20.4
Duncan Hurst (Sm. cap. gro.)	20.3
JMC Capital (Growth)	20.2
UBS Asset (Sm. cap. gro. E)	19.7
Ardsley Partners (II)	19.6
Morgan Stanley (Em. gro.)	19.3
George D. Bjurman	19.0
Ardsley Partners (I)	18.6
Montag & Caldwell (Low risk gro.)	17.6
S. Squared Tech. (Small)	17.5
Provident Invst. (Growth)	17.5
Northern Invst. (Quality gro.)	17.4
Roxbury Capital (Growth)	17.3
Capital Growth	17.3
Hutson Mgmt. (Growth)	17.3
Investors Res. (20th Cent.)	17.3
Pennsylvania Invst. (Dyn. value)	17.2
Fred Alger Mgmt. (Sm. cap.)	17.0
Heartland Capital (Growth)	17.0
Wilke Thompson (Growth)	16.8
Lehman Ark Mgmt. (Sp. gro.)	16.8
Ashland Mgmt.	16.6
J.M. Hartwell	16.6
Equitable Capital (Sp. gro. UP3)	16.6
First of America (Sm. cap.)	16.6
Pilgrim, Baxter, Greig (Sm. cap.)	16.5
GeoCapital (Sm. cap.)	16.2
Chase Invst. (Quality gro.)	16.1
George D. Bjurman (Con. gro.)	16.1
Dawson Samberg (A/C gro.)	16.0
Lynch & Mayer (Lg. gro.)	15.8

Stein Roe Capital (H.Q. gro.)	15.8
Pilgrim, Baxter, Greig (Growth)	15.8
Baring America (EVS)	15.8
Janus Capital (Earn. gro.)	15.6
S&P 500	**8.4**
Russell 2000	**5.7**

1-year returns

	%
Montgomery (Sm. cap. gro.)	104.7
Chancellor Capital (Sm. cap. gro.)	98.8
Cheswick Invst.	94.9
Duncan/Hurst (Sm. cap. gro.)	91.3
Equitable Capital (Sp. gro. UP3)	88.1
Trust Co. West (Sm. cap. gro.)	85.2
UBS Asset (Sm. cap. gro. E)	81.4
Ardsley Partners (II)	79.3
Jundt Associates (Emerg. gro.)	79.2
Target Investors (Emerg. gro.)	77.0
Scudder Stevens Clark (Sm. co.)	76.9
Morgan Stanley (Emerg. gro.)	76.5
Capital Growth	76.3
Ardsley Partners (I)	75.7
Oak Associates (Gro.)	75.4
Peregrine Capital (Sm. cap.)	73.9
IDS Advisory (Spec. emerg.)	73.4
Investment Advisers (Sm. cap.)	72.2
Essex Invst. (Growth)	71.8
Granahan Invst. (Explorer II)	71.6
MacKay-Shields (Growth)	71.2
Investors Res. (20th Cent. gro.)	70.7
Essex Invst. (Emerg. gro.)	70.6
John McStay Invst. (Sm. cap.)	70.0
GeoCapital (Sm. cap.)	69.7
Investment Concepts (Sp.)	69.2
Peregrine Capital (Growth)	69.0
Nicholas-Applegate (Emerg. gro.)	68.8
Denver Invst. (Med.-size co.)	68.5
Cohen, Davis & Marks	68.0
Wilke/Thompson (Sm. cap. gro.)	67.6
S. Squared Tech. (Small)	67.6
Janus Capital (Earn. gro.)	67.4
Provident Invst. (Growth)	66.9
Hutchinson Richardson (Act.)	66.4
Standish, Ayer & Wood (Sm. cap.)	66.0
Jundt Associates (Core gro.)	65.0
Strong/Corneliuson (Sm./med.)	64.1
First Pacific Advisors (Sm. value)	63.6
Robertson, Stephens (Sm. gro.)	62.8
Wilke/Thompson (Growth)	62.5
Friess Associates	62.3
General American (Closed end)	61.9
Qualivest Capital	61.7
Cadence Capital (Mid. cap.)	60.4
Dawson Samberg (Gro. Pequot)	59.4
Fred Alger Mgmt. (Growth)	58.9
Russell 2000	**46.0**
S&P 500	**30.5**

5-year returns

	%
Chilmark Capital	38.3
Mt. Auburn Mgmt.	35.8
Tiger Mgmt. (Tiger Fund)	32.2
Montgomery (Sm. cap. gro.)	31.6
Dietche and Field (Opp.)	31.5
Ashland Mgmt.	31.4
Cheswick Invst.	30.6
Jundt Associates (Emerg. gro.)	30.2
Duncan/Hurst (Sm. cap. gro.)	30.0
Chancellor Capital (Sm. cap. gro.)	29.7
Provident Invst. (Stellar)	29.5
Robertson, Stephens (Sm. gro.)	28.9
Cohen, Davis & Marks	28.4
John McStay Invst. (Sm. cap.)	28.4
Feshbach Brothers (Southgate)	28.1
Nicholas-Applegate (Hedge)	27.5
Fred Alger Mgmt. (Sm. cap.)	26.7
Oak Associates (Growth)	26.6
Oxford Capital	26.1
Janus Capital (Earn. gro.)	25.2
Moran Asset (Flex.)	24.8
Fiduciary Mgmt. of Milwaukee	24.8
Goodwin Capital (Yield)	24.6
Equitable Capital (Sp. gro. UP3)	24.3
Investment Advisers (Sm. cap.)	24.0
Provident Invst. (Growth)	23.9
Peregrine Capital (Sm. cap.)	23.5
Jundt Associates (Core gro.)	23.5
Turner Invst. (Process)	23.5
Essex Invst. (Emerg. gro.)	23.5
Cunningham, Henderson	23.4
Capital Growth	23.2
Investors Res. (20th Cent. gro.)	23.2
Lehman Ark Mgmt. (Sp. gro.)	23.2
Morgan Stanley Asset (Em. gro.)	23.2
Quantitative Asset (En. index)	23.1
Hutson Mgmt. (Growth)	22.6
First Pacific (Dallas)	22.5
General American (Closed end)	22.5
Friess Associates	22.4
GeoCapital (Sm. cap.)	22.4
S&P 500	**15.3**
Russell 2000	**9.3**

10-year returns

	%
Tiger Mgmt. (Tiger Fund)	37.4
Ashland Mgmt.	28.5
Capital Growth	25.7
Chancellor Capital (Sm. cap. gro.)	25.5
Quantitative Asset (En. index)	25.3
Severn Associates	25.1
Oak Associates (Growth)	24.3
Janus Capital (Earn. gro.)	23.7
Investment Advisers (Sm. cap.)	23.6
Cadence Capital (Lg. cap.)	23.5
Lehman Ark Mgmt. (Sp. gro.)	23.5
Caldwell & Orkin (Multifactor)	23.4
First Pacific (Dallas)	23.2
Roger Engemann (Growth)	23.0
Roxbury Capital (Growth)	22.9
Cheswick Invst.	22.9
Strong/Corneliuson (Sm./med.)	22.8
Columbus Circle Investors	22.7
Balch Hardy Scheinman (Wealth)	22.7
Neuberger and Berman	22.4
Goodwin Capital (Standard)	22.3
Richard C. Blum (Pro-active)	22.3
Peregrine Capital (Sm. cap.)	22.2
Leylegian Invst.	22.2
Harris Bretall Sullivan & Smith	22.0
Sirach Capital (Growth)	22.0
Fox Asset (Value)	22.0
S&P 500	**17.6**
Russell 2000	**12.4**

Top half PIPER managed international equity accounts

3-month returns

	%
BEA Associates	5.9
GIM Global Advisors	5.8
Waddell & Reed (Growth)	5.0
Wright Investor's Service	5.0
Gulfstream Global	4.1
Putnam Cos.	3.9
Edinburgh Wilmington Int'l	3.7
Ladas & Hulings (Value)	3.4
Brinson Partners	3.2

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Total Plan Assets		Annual Bond Premiums
$ 500,000	=	$ 54.00
$ 1,000,000	=	$ 74.00
$ 3,000,000	=	$ 180.00
$ 5,000,000 plus	=	$ 230.00

ERISA Law requires bond limits of 10% of plan assets to a $500,000 maximum per pension/profit sharing plan.

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Some Plain Talk About Defined Contribution Plans

CANDOR

Candor is the cornerstone of effective communications. The straightforward, clear and honest exchange of information builds trust and confidence. Your 401(k) plan participation level will increase and plan diversification will broaden as employees gain greater understanding of their investment options. That, in turn, will help to assure them of a more comfortable retirement in future years.

PLAIN TALK Plan participants appreciate the convenience of direct, toll-free access to friendly, knowledgeable people to whom they can talk when the need arises. Participants want straight answers to their questions about risk and return which they can understand and trust. Technology should augment the effectiveness of telephone representatives–not replace them.

PLAIN SPEAKING There is no better way to promote understanding than direct, face-to-face meetings where specially trained professionals can explain in detail the risks that accompany the potential rewards of investment decisions. Meetings should help participants make long-term investment decisions, while explaining the benefits of participation.

PLAIN ENGLISH Hardest to achieve–but none-the-less necessary–is the provision of written materials containing essential information on plan features and investment risk, return, and cost–presented quietly, candidly and without hyperbole. Equally important is the need to design statements and enrollment kits for participant understanding first and system efficiency second.

Vanguard can help you deliver an effective communication program from literature to video to participant statements to meetings so that employees can make intelligent, informed decisions. We believe that when you focus on the fundamental issues–like candid communications–you will choose Vanguard for your 401(k) program.

THE Vanguard GROUP
OF INVESTMENT COMPANIES

Vontobel USA (EuroPacific)	3.1
AIG Global (EAFE)	3.1
Capital Guardian	3.1
Pictet Int'l (Sm. cap.)	2.9
Baring Int'l (Act./pass.)	2.8
Marvin & Palmer	2.7
Templeton Invst.	2.7
UBS Phillips & Drew (EAFE)	2.7
Julius Baer Invst. (Emblem)	2.6
Rowe Price-Fleming Int'l	2.6
Batterymarch Financial	2.5
Boston Int'l (GDP-wtd. EAFE)	2.5
J.P. Morgan Invst.	2.5
Rowe Price-Fleming Int'l (FDT)	2.5
The Principal	2.1
PCM Int'l	2.1
Citibank Invst.	2.1
State Street Asset	2.1
J.P. Morgan Invst.	1.9
Boston Int'l (Prime ctry.)	1.9
FTA Europe & Pacific	**1.9**
Boston Int'l (Prime V)	1.9
Prudential Divers. Invst. (EAFE)	1.8
MSCI EAFE	**1.8**
Ivory & Sime Int'l (Sm. cap.)	1.7
WorldInvest	1.7
Hill Samuel IAI	1.7
Wells Fargo Nikko	1.6
Scudder Stevens & Clark	1.6
G.T. Capital (EAFE)	1.6
Bankers Trust Invst. (EAFE)	1.6
Clay Finlay (EAFE)	1.5
Baring Int'l (EAFE)	1.3
Brown Brothers Harriman	1.3
Parametric Portfolio	1.2
Axe Core Invetors (ADR rep.)	1.2
Babson-Stewart Ivory	1.2

1-year returns

	%
Ladas & Hulings (Value)	34.5
BEA Associates	33.8
WorldInvest	22.7
Vontobel USA (EuroPacific)	19.8
Boston Overseas (EAFE)	19.7
AIG Global Investors (EAFE)	19.6
Wright Investor's Service	19.1
Waddell & Reed (Growth)	19.0
Gulfstream Global	18.3
Capital Guardian	17.8
Brinson Partners	17.7
The Principal	17.7
J.P. Morgan Invst.	17.7
Putnam Cos.	17.6
Marvin & Palmer	17.2
Rowe Price-Fleming (FDT)	17.2
Pictet Int'l (Sm. cap.)	17.1
Rowe Price-Fleming Int'l	17.0
G.T. Capital (EAFE)	17.0
Templeton Invst.	16.4
Baring Int'l (Act. pass.)	16.2
Martin Currie	16.0
J.P. Morgan Invst.	15.9
Edinburgh Wilmington Int'l	15.9
Crown Financial	15.7
Scudder Stevens & Clark	15.7
Dunedin Fund Managers (EAFE)	15.7
Citibank Invst.	15.4
Cseh Int'l (Low p/e)	15.0
Marathon Asset	14.9
Grantham Mayo van Otterloo (A)	14.5
Clay Finlay (EAFE)	14.5
Baillie Gifford	14.4
Babson-Stewart Ivory	14.4
Axe Core Investors	14.1
Hill Samuel/IAI	13.9
Harris Invst.	13.8
Kleinwort Benson Int'l (Act.)	13.7
Boston Int'l (Prime ctry.)	13.5
Rowe Price-Fleming Int'l (IDF)	13.4
Ivory & Sime Int'l (Sm. cap.)	13.4
Baring Int'l (EAFE)	13.3
Pictet Int'l (Uncon.)	12.8
Prudential Divers. Invst. (EAFE)	12.6
FTA Europe & Pacific	**12.6**
MSCI EAFE	**12.5**

5-year returns

	%
BEA Associates	29.7
Ladas & Hulings (Value)	21.6
Boston Overseas (EAFE)	18.0
Morgan Stanley Asset	16.8
Ivory & Sime Int'l (Sm. cap.)	16.1
Templeton Invst.	16.1
Edinburgh Wilmington Int'l	16.0
State Street Asset	15.6
CIGNA Int'l Invst.	14.4
PCM Int'l	14.0
Cseh Int'l (Low p/e)	14.0
Grantham Mayo van Otterloo (C)	13.6
Batterymarch Financial	13.5
Brinson Partners	13.2
Clay Finlay (EAFE)	12.9
Hill Samuel/IAI	12.9
PCM Int'l (Sm. cap.)	12.9
RCB Int'l	12.9
Rowe Price-Fleming Int'l	12.6
Putnam Cos.	12.2
Babson-Stewart Ivory	12.1
Scudder Stevens & Clark	12.1
Grantham Mayo van Otterloo (A)	12.0
J.P. Morgan Invst.	11.9
Murray Johnstone	11.8
Capital Guardian	11.8
AIG Global Investors (EAFE)	11.7
Dunedin Fund Managers (EAFE)	11.7
Rowe Price-Fleming Int'l (FDT)	11.5
Mercator Asset	11.5
Baillie Gifford	11.4
Kleinwort Benson Int'l (Act.)	11.3
G.T. Capital (EAFE)	11.2
FTA Europe & Pacific	**9.2**
MSCI EAFE	**9.0**

10-year returns

	%
BEA Associates	25.2
Templeton Invst.	22.8
Grantham Mayo van Otterloo (A)	22.2
Henderson Admin. (EAFE)	20.3
Putnam Cos.	20.1
WorldInvest	19.8
Brinson Partners	19.2
Rowe Price-Fleming Int'l	19.1
Capital Guardian	18.9
Bankers Trust Invst.	18.7
Schroder Capital	18.6
Hill Samuel/IAI Invst.	18.5
MSCI EAFE	**18.5**
FTA Europe & Pacific	**18.4**

Top half PIPER managed global equity accounts

3-month returns

	%
Bee & Associates	13.7
Thompson Co. (Alpha)	8.7
IDS Advisory	8.6
GIM Global Advisory	8.3
Marvin & Palmer	7.8
AIG Global Investors	7.4
Trust Co. West	6.7
Capital Guardian (New persp. F)	5.8
First Interstate Bank of Calif.	5.6
IDS Advisory (Active)	5.4
Scudder Stevens & Clark	5.0
J.P. Morgan Invst.	4.5
Templeton Invst.	4.1
Brinson Partners	4.1
Henderson Admin.	3.9
Martin Currie	3.7
Lombard Odier Int'l	3.6
PCM Int'l	3.1
Van Eck Associates (World trends)	2.9
FTA World	**4.4**
MSCI World	**4.3**

1-year returns

	%
Bee & Associates	46.6
Marvin & Palmer	36.4
Martin Currie	27.3
AIG Global Investors	26.2
Thompson Co. (Alpha)	26.0
Trust Co. West	25.9
Scudder Stevens & Clark	23.2
Brinson Partners	23.0
Capital Guardian (New persp. F)	22.7
Templeton Invst.	21.6
GIM Global Advisors	21.3
J.P. Morgan Invst.	21.2
G.T. Capital Mgmt.	20.3
Dunedin Fund Managers	20.0
FTA World	**19.7**
Putnam Cos.	19.6
WorldInvest	19.2
Lombard Odier Int'l	19.0
MSCI World	**19.0**
IDS Advisory	18.7
Marathon Asset (Active)	18.6

5-year returns

	%
Martin Currie	17.4
Brinson Partners	15.6
Burgess Capital	15.5

Pathfinder

Marvin & Palmer	15.4
AIG Global Investors	15.3
Marathon Asset (Active)	14.1
Capital Guardian (New persp. F)	13.6
Babson-Stewart Ivory	13.3
Scudder Stevens & Clark	13.0
Burgess Capital	12.8
Warburg Invst (SL3)	12.3
J.P. Morgan Invst.	11.7
Templeton Invst.	11.6
Ivory & Sime Int'l (3)	11.5
FTA World	**11.3**
MSCI World	**11.0**

10-year returns

	%
Burgess Capital	22.2
Thompson Co. (Alpha)	22.0
WorldInvest	20.9
Putnam Cos.	19.2
Brinson Partners	19.2
IDS Advisory (Active)	19.1
Templeton Invst.	18.8
MSCI World	**17.3**
FTA World	**15.9**

Top decile PIPER managed balanced accounts

3-month returns

	%
Cheswick Invst.	17.0
Essex Invst.	16.7
Equitable Capital (Strategic)	15.1
Northern Capital (Asset alloc.)	14.9
Provident Invst. Counsel	14.0
Capstone Asset (Growth)	13.9
Chase Invst. Counsel	13.4
Quaker Capital	12.6
Fred Alger Mgmt.	12.4
Montag & Caldwell	12.1
Potomac Asset	12.1
Roxbury Capital	12.1
Kemper Asset	11.5
Caldwell & Orkin	11.5
Davidson, Garrard & Goode	11.3
First Wisconsin Asset	10.9
J. & W. Seligman	10.8

1-year returns

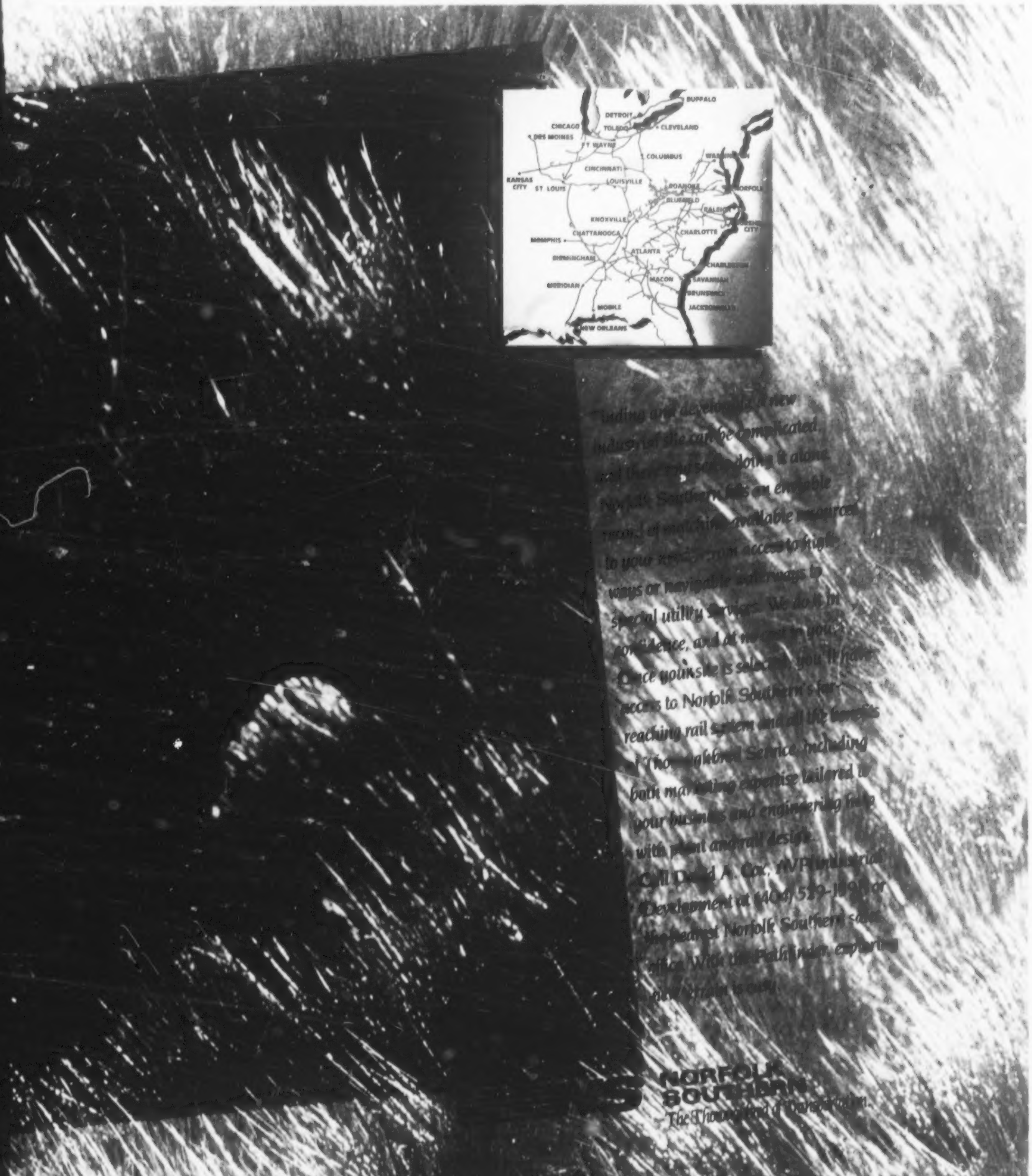
	%
Quaker Capital	63.7
Essex Invst.	55.2
Cheswick Invst.	51.6
Rittmann Capital	51.1
Provident Invst. Counsel	50.0
Caldwell & Orkin	44.8
Northern Capital (Asset alloc.)	43.3
Denver Invst.	42.7
Equitable Capital (Strategic)	41.9
Fred Alger Mgmt.	41.1
Capstone Asset (Growth)	40.9
Atalanta/Sosnoff Capital	40.8
Turner Invst. Partners (Core)	39.0
Stephenson and Co. (Value)	37.3
Galleon Capital	36.8
Roxbury Capital	36.6
Harris Bretall Sullivan Smith (Gro.)	36.3

5-year returns

	%
Essex Invst.	21.3
Provident Invst. Counsel	20.2
Quaker Capital	19.8
Cheswick Invst.	19.6
Institutional Capital	19.6
Turner Invst. Partners (Core)	19.5
Investment Counselors	18.9
Capstone Asset (Growth)	18.6
Oxford Capital	18.6
Caldwell & Orkin	18.0
R.D. Hill & Associates	17.3
Chase Invst. Counsel	17.0
Lincoln Capital	16.8
Harris Bretall Sullivan Smith (Gro.)	16.8
Roxbury Capital	16.6
Value Line	16.4

10-year returns

	%
Provident Invst. Counsel	20.7
Caldwell & Orkin	20.5
Davenport & Co. of Va.	19.3
Columbus Circle	19.3
Value Line	19.3
Investment Counselors	19.2
Institutional Capital	19.1
Dean Invst.	18.9
Tom Johnson Invst.	18.9
Essex Invst.	18.8
Wedge Capital	18.6
Harris Bretall Sullivan Smith (Gro.)	18.5



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Top decile PIPER managed TAA accounts

3-month returns

	%
Investment Advisors (Balanced)	11.3
Mellon Equity (Quant.)	11.0
Rightime Econometrics	11.0
Chancellor (Stockshift 200)	9.8

1-year returns

	%
Chancellor (Stockshift 200)	50.1
Chancellor (Stockshift 150)	40.7
Mellon Equity (Quant.)	34.9
Forstmann Leff (Balanced)	32.3

5-year returns

	%
Chancellor (Stockshift 200)	23.1
Chancellor (Stockshift 150)	18.8
Quantilogic Asset	17.6

10-year returns

	%
J.P. Morgan Invst.	19.5
Wagstaff, Lodefink & Assoc.	19.2

Study finds most active audit firms

NEW YORK — The accounting firm of Ernst & Young performed the most audits of publicly held companies in the world last year, a study by the Center for International Financial Analysis & Research showed.

Ernst & Young led not only in the number of companies audited, 3,231, but also in total value audited, $10.228 trillion. Total value was based on asset figures for financial companies and sales for all other firms.

Klynveld Peat Marwick Goerdeler ranked second by both measures, while Deloitte Ross Tohmatsu ranked third in number of audit clients.

Coopers & Lybrand was third in total value audited.

KPMG was the largest firm in terms of offices and partners, with 864 offices and 6,530 partners.

The study also compared the annual reports of the world's 1,000 largest companies representing 44 countries.

The study found that companies in Scandinavia, the United States, the United Kingdom, Canada and Australia provided the most information in their corporate annual reports.

However, some emerging capital markets such as Singapore, Malaysia and Hong Kong provide better disclosure on average than companies from leading economies such as Japan, Germany, France, Switzerland, Italy and the Netherlands.

Vinod Bavishi, founder of the center, said when institutional ownership is great, such as in Germany, less information is disclosed in annual reports.

Disclosure increases in countries where more capital is obtained from foreign sources, and is greatest where there are many more individual or independent investors. ■

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AT DEADLINE

SEC pulls registrations

The SEC plans to cancel the registration of 26 California-based real estate firms that are registered as investment advisers.

The SEC found some registered advisers "do not give advice about securities, but instead manage real property for their clients' funds," according to a report. The firms registered solely to qualify as investment managers under ERISA, the report said.

Among the advisers cited are Grubb & Ellis Realty, CB Commercial Realty, Realty Advisors, Public Storage Institutional Realty Advisors and Scudder Realty.

The ruling focused on the California real estate advisers because of a routine examination by the Los Angeles regional office. While there is no national mandate, SEC officials expect other regional offices to undertake similar studies.

Salomon to advise RTC

The Resolution Trust Corp. selected Salomon Brothers Asset Management again to provide advisory services on its $2.6 billion high-yield securities portfolio. Salomon had advised the RTC in the past 15 months, during which the RTC sold more than $6 billion of high-yield securities, said Michael Hyland, managing director at Salomon Brothers Asset Management.

TWA asset deal reached

TTC Communications will be off the hook for Trans World Airline's pension obligations if TWA's plans are terminated.

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INSIDE

AP/WIDE WORLD PHOTOS

Maxwell pension legacy

Robert Maxwell's alleged misuse of company pension assets is prompting Parliament to consider separating the roles of money managers, trustees and custodians of British pension funds. Page 3.

Candidates talk pension issues

Short-term views, executive pay are concerns

AP/WIDE WORLD PHOTOS

Bill Clinton opposes high executive pay, but supports in-state investing.

By Joel Chernoff

Pension issues are just beginning to capture the attention of the 1992 presidential hopefuls as the primaries of Super Tuesday approach.

Because they've been struggling to survive the initial primaries, most of the candidates' opinions on the $3 trillion pension industry are not well-formed, but most do have opinions on at least some of the issues.

One issue of interest to most of them is institutional investor concern about the level of executive compensation.

Yet both Democratic and Republican candidates blame institutional investors for harming the competitiveness of U.S. corporations by taking too much of a short-term view.

Some also have sought to direct their own state pension funds into targeted investments to spur the local economy.

With primaries in Georgia, Maryland and Colorado occurring March 3 and 11 primaries and caucuses set for March 10, *Pensions & Investments* looked at the records of the candidates to see how they view key issues affecting the nation's pension funds and financial markets.

Some candidates provided responses to questions from this newspaper. Other responses were drawn from the candidates' public statements. Some — notably former Reagan administration aide and television commentator Patrick Buchanan — never have had to come out publicly on these issues, while President Bush has the record of his administration on which to stand.

Following is a rundown on the candidates' publicly stated views on major issues affecting institutional investors.

ELECTION
'92

Executive compensation

Ever since President Bush traveled to Japan this winter accompanied by a gaggle of highly paid corporate executives, top management pay has grabbed hold of the national agenda. In the face of thousands of workers being laid off and the disparity between executive and worker pay, seven- and eight-figure corporate pay packages have been pounded in public forums.

Gov. Bill Clinton, D-Ark., leads

See **Views** *on page 32*

Defense cuts hit contractors' funds

By Fred Williams

The federal government might try to recover some surplus pension assets from large defense contractors if the defense budget is slashed and contractors eliminate thousands of jobs.

In addition, defense industry retiree medical liabilities could swell if companies lay off large numbers of older workers as a result of the Bush administration's plans to cut $50 billion from military spending through 1997.

The proposed cutbacks will affect not only the bottom lines of defense contractors, but also employee benefits because of a shrinking employment base and the unique nature of dealing with the government.

Among the effects:

- Defense contractors are likely to increase the fixed-income allocation of their pension funds to preserve assets and anticipate liquidity requirements of layoffs.
- Because most defense contractor's pension funds are fully funded (a government requirement before a contract is awarded), industry observers believe they will have sufficient assets to sustain massive layoffs without cutting into core equity holdings to, for example, meet lump sum benefit payments.

While preparing for major downsizing in the defense industry is of immediate concern, the issue of whether and how the government could reclaim any of the assets of overfunded pension funds also must be addressed.

Government procurement regulations permit the recovery of pension expenses in certain in-

See **Defense** *on page 34*

AP/WIDE WORLD PHOTOS

Reductions in the defense budget likely will affect benefit plans at companies like Grumman Corp., maker of the F-14 fighter jet.

'Best' firms lag in minority manager hires

By Terry Williams

The pension funds of 10 of the 25 best companies for blacks and Hispanics to work for employ no women- or minority-owned money management firms, a *Pensions & Investments* survey shows.

Eight have hired just one women- or minority-owned firm; five others have between two and four such managers. Two of the companies manage their pension assets internally and don't hire money managers.

The 25 companies examined by *P&I* were selected from lists of the best companies to work for in the magazines Black Enterprise and Hispanic.

Directory of women- and minority-owned firms: Page 14.

Pension executives from these companies say they would like to hire more minority- and women-owned firms, but can't. The reasons:

- Many funds are trimming their manager rosters.
- Many pension funds are fully funded and don't have cash flow to fund new managers.
- Minority- and women-owned firms aren't well represented, in the growth areas such as defined contribution assets and indexing.
- The small size of many of these managers would result in even a modest corporate allocation comprising too much of a firm's total assets.
- The investment styles of minority- and women-owned firms are not diverse enough to include new areas in which pension funds are investing.

But some corporate pension funds are hiring money managers. According to the Tracker data base of Eager & Associates, Louisville, Ky., there were 378 "placements" of corporate pension fund assets with external

See **Minority** *on page 33*

NEWS DIGEST

JONATHAN WILSON

Morgan Grenfell Capital's David Baldt might be soft-spoken with small-town sensibilities, but his fixed-income returns speak loudly, and his assets under management are big time. Page 28.

The PBGC is at the center of a political debate over a change in the agency's accounting method. Page 6.

Del Monte Foods finally has forged a new identity for its $500 million in employee benefit assets. Page 28.

Employees of Burlington Industries and Harcourt Brace Jovanovich learn the potential downside of employee stock ownership plans. Page 30.

SPECIAL REPORT: MINORITY FINANCIAL SERVICES

***Pensions & Investments* profiles more** than 130 minority- and women-owned firms offering services from investment management to brokerage. Page 14.

INTERNATIONAL

The collapse of Robert Maxwell's empire is having a profound impact on the investment management community in the United Kingdom. Page 3.

REAL ESTATE

The Ameritech, GM and Michigan pension funds are among the investors in a Trammell Crow partnership buying hotel properties. Page 2.

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Survey deadline extended

The deadline for inclusion in *Pensions & Investments'* annual survey of investment managers has been extended. The completed forms, to be used for a special issue May 18, must be returned by March 15. If you have not received a questionnaire, or if you have any questions on how to complete the form, contact Christine Philip at (312) 649-5217.

Funds buy Courtyard hotels

Trammell Crow says 12% annual cash yield is minimum

By Steve Hemmerick

DALLAS — A group of investors led by large pension funds paid $146 million for 13 top performing Marriott Corp. Courtyard hotels as the hotel industry recovers from one of its worst downturns.

Despite severe overbuilding, investors were told by Trammell Crow Ventures, the investment adviser in the deal, to expect a minimum 12% cash yield each year for 20 years on the hotel investment, double the typical return on income pension funds are getting on many current real estate investments.

The $41 billion General Motors Corp. pension fund and the $21 billion Michigan State Retirement Systems are believed to be the two largest investors in Trammell Crow Equity Partnership II, the $540 million opportunity fund that bought the hotels. Another significant investor is the $16 billion pension fund of Ameritech Corp.

Robert Whitman, a managing partner with Crow, said the investment in Courtyard is similar to a sale-leaseback arrangement, except Marriott will serve as the hotels' proprietor.

Although Trammell Crow has discretion to make investments for the partnership, most of the investors are on an advisory committee that approved the hotel deal. Their approval was asked because the investment was outside the guidelines of the partnership.

"Basically it is a buyers' market, not a sellers' market. With this sale-leaseback arrangement, it would seem that Trammell Crow in this case would be in an enviable position because they do have capital to commit," said Barry Stevens, director of the Bureau of Investments for the Michigan Department of Treasury, which manages the Michigan pension fund.

The investment is unusual because pension funds, as well as other domestic institutional investors, generally have avoided investments in the troubled hotel industry in recent years.

Describing typical pension fund investor reaction to hotel investments, Charles Lightner, a senior manager with Prudential Realty Group, Newark, N.J., said: "The hotel market has really, really been overdone. Hotel construction has finally stopped, but profitability for hotels is not expected to come back for a few years."

But Mr. Whitman said with an economic recovery, investors in the Courtyard deal could get as much as an 18% cash yield some years.

Because of falling property values, pension investors place a premium on cash returns from real estate properties. Mr. Whitman said TCEP II's investment strategy has been shifted from buying quality properties at deep discounts to an income strategy.

The high return from the investment results from the price paid for the hotels, their location and the lease payments being paid by Marriott on the hotels, said Mr. Whitman.

Eight of the hotels bought by the investors are near airports,

See **Hotels** *on page 35*

ANTHONY F. FICKE

The Courtyard near Chicago's O'Hare Airport is one of the hotels fund investors own.

Nicholas' Time pension low

GM directors cut Smith's by 14.6%

By Margaret Price and Curtis Vosti

While N.J. Nicholas Jr.'s annual pension of $314,186 from Time Warner Inc. will be a drop in the bucket compared with his other compensation, retired General Motors Corp. Chairman Roger Smith's generous pension has been slashed by 14.6% to $1.08 million per year.

Mr. Nicholas' pension pales in comparison to the package — estimated at as much as $24 million, including accelerated stock options — he could end up with following his resignation under pressure as president and co-chief executive of Time Warner. That package seems likely to add fuel to the fire of institutional investors concerned about excessive executive compensation just before the proxy season gets under way.

GM, meanwhile, removed small twigs from the fire by reducing the pensions of Mr. Smith and 100 other retired executives, saving the company $14 million annually.

Mr. Nicholas' pension was estimated at *Pensions & Investments'* request by Robert Salwen, a principal at the employee benefit consulting firm of William M. Mercer Inc., New York.

His pension will kick in at age 60; he is 52. The amount estimated is before deductions are taken for such things as Social Security.

Mr. Nicholas' pension could rise to $356,000 annually if he chooses to remain on Time Warner's payroll for the remainder of his contract. The contract appears to allow Mr. Nicholas under certain circumstances the right to continue in the pension plan beyond termination for "at least an additional 7.4 years," Mr. Salwen said.

A Time Warner spokeswoman would not comment on Mr. Salwen's estimates except to call them "speculative."

To calculate Mr. Nicholas' estimated pension benefit, Mr. Sal-

See **Time** *on page 35*

1st Chicago loses realty appeal

By Steve Hemmerick

CHICAGO — First National Bank of Chicago has lost its court appeal to force some pension funds to accept whole properties in lieu of cash withdrawals from the bank's troubled Fund F.

Judges for the 7th U.S. Circuit Court of Appeals, Chicago, said if First Chicago executives now face "comparable evils" of property liquidation in a depressed market or fractional investor ownership, as they claim, neither would be found imprudent.

First Chicago officials, trying to avoid the evils cited by the court, sought to distribute whole properties. But some pension fund executives objected, fearing they would be stuck with overvalued and the least desirable properties in the fund.

The appellate decision addresses a key issue of whether real estate money managers should sell in a depressed market.

"A real estate investment fund is not required to sell properties the instant it receives a withdrawal request that exceeds its cash reserves; it can take up to a year to find a buyer," said the judges.

"Given this leeway, it is difficult to see how the bank in our case could be thought imprudent if it decided to sell over the course of a year a large part or, for that matter, the entirety of its real estate portfolio. To fault it for selling in a depressed market would be to commit the fallacy of supposing that a prudent investor is one who can time market turns — a fallacy that investment law has at least rejected, prodded by modern finance theory."

Fund F is a $540 million open-end, commingled real estate fund that, for at least 18 months, has been embroiled in lawsuits and beset with problems on how to meet cash withdrawal requests in a depressed real estate market.

Last fall, the bank asked the appeals court to overturn a district court decision saying First Chicago had to follow the rules of the U.S. Comptroller of the Cur-

See **Appeal** *on page 33*

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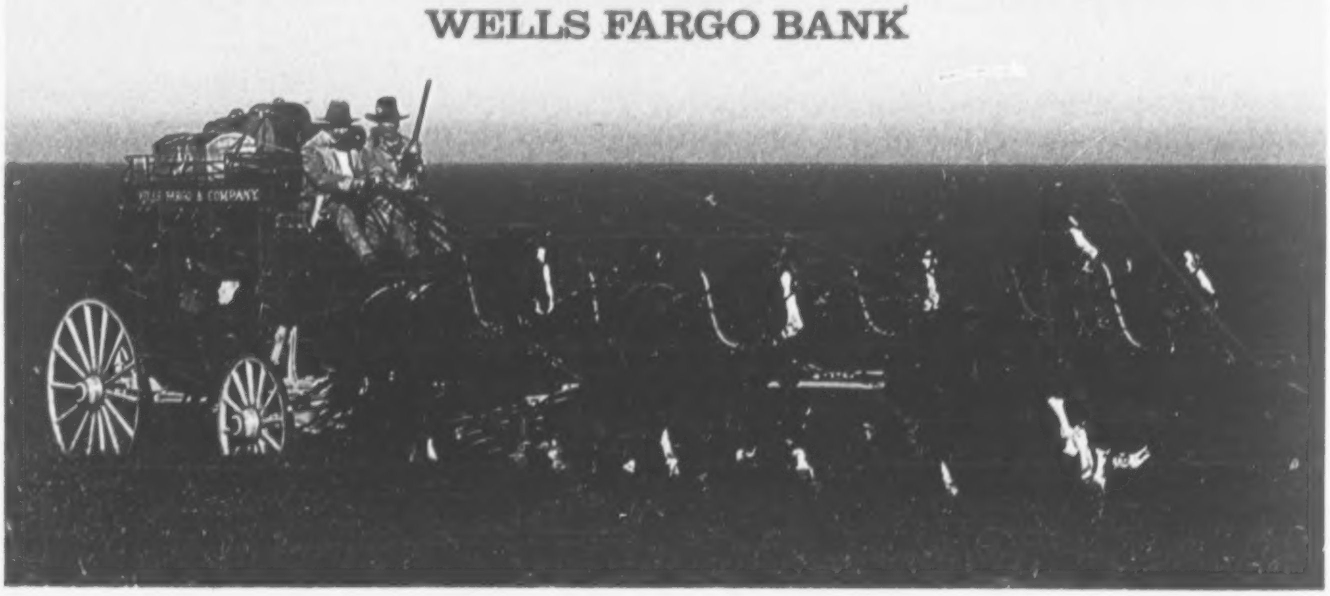

Emerging firms gaining

Minority- and women-owned investment management firms constitute a growing segment of the money management industry, and several ranked among the firms showing the largest net gains in *Pensions & Investments'* Money Manager Scoreboard in February.

This special directory of minority- and women-owned financial services firms was compiled from questionnaires sent out by *P&I*. More than 130 firms responded to this year's survey, providing information on services offered; the year the firm was founded; assets under management; investment approaches; special services in investment banking and brokerage areas; consulting services; and key personnel and their years of experience.

Unless otherwise noted, all firms are at least 51% owned by minorities or women.

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Abacus Financial Group Inc.

300 W. Washington St., Suite 1120,
Chicago, Ill. 60606; (312) 553-9300

Abacus Financial Group Inc., founded in 1991, offers investment management services.

It has $5 million under management in domestic fixed-income accounts.

The fixed-income strategy is active and top-down, adding value through sector allocation, de-emphasizing interest rate timing, and adjusting the duration around a benchmark. Investments are made in A or better securities, with a specialization in mortgage-backed securities.

Key professionals at the firm and their years of experience are Judith Ann Calder, managing director, 17 years; Cynthia Plouche, managing director and chief investment officer, 8 years; and Adela Cepeda, managing director, 11 years.

AIBC Investment Services

80 SW Eighth St., Suite 2120, Miami,
Fla. 33130; (305) 372-8000

AIBC Investment Services Corp., founded in 1985, offers investment banking and brokerage services.

The firm offers institutions discount trading through a minority firm.

Key professionals at the firm and their years of experience are Wifredo Gort, chairman and chief executive, 6.5 years; and William Burdette, president, 20 years.

Amerindo Investment Advisors Inc.

388 Market St., Suite 300, San
Francisco, Calif. 94111; (415)
362-0292

Amerindo Investment Advisors Inc., founded in 1979, offers investment management.

It has $1 billion under management in equity accounts.

The firm's investment approach is emerging growth specializing in companies in the technology and health-care sectors.

Key professionals at the firm, and their years of experience, are Alberto W. Vilar, president and portfolio manager, 27 years; Leopoldo Guzman, principal, 19 years; Ralph H. Cechettini, portfolio manager, 21 years; Anthony Ciulla, trader, 40 years; Gary Tanaka, principal, analyst, trader, 20 years; Francis J. Salcutti, information technology analyst, 16 years; Sarah L. Gordon, biotechnology analyst, 8 years; Michael J. Sandifer, chief operating officer, 21 years.

Amervest Co. Inc.

1875 Century Park East, Suite 1740,
Los Angeles, Calif. 90067; (310)
552-7972

Amervest Co. Inc., founded in 1983, offers investment management.

It has $200 million under management in domestic fixed-income accounts.

The investment strategy is active value. The firm invests in high-quality securities, employing a disciplined quantitative investment approach.

Key professionals at the firm and their years of experience are Peter Cheung, managing director, 18 years; Jerry Bardwell, co-managing director, 30 years; Rustom Nagarwalla, portfolio manager, 5 years; Alan Lui, manager-research and development, 7 years; and Lon Kilburn, manager-business development, 5 years.

Annuities West Inc.

600 Stewart St., Suite 1324, Seattle,
Wash. 98101; (206) 441-7399

Annuities West Inc., founded in 1983, offers fee-for-service consulting and insurance brokerage.

The firm specializes in pay-out annuities for terminal funding, plan terminations, state lotteries and deferred compensation. It is actively involved with market analysis and contract negotiations in the purchase of single-premium immediate annuities. It provides consulting services for actuaries, attorneys, insurers, plan sponsors and consultants.

The key professional at the firm is Evelyn Williams, president, with 22 years of experience.

Apex Securities Inc.

333 Clay St., Suite 1310, Houston,
Texas 77002; (713) 650-1122

Apex Securities Inc., founded in 1987, offers investment banking and brokerage.

The firm has full equity and fixed-income capabilities on all domestic and international markets.

Key professionals at the firm and their years of service are Rodney G. Ellis, director, 5 years; Richard M. Ramirez, president and chief executive officer, 5 years; D. Kirk Snelling, vice president sales and training, 9 years; and Michael Schick, vice president marketing, 3 years.

Aquarius Capital Management

189 Canal St., Providence, R.I. 02903; (401) 274-0881

Aquarius Capital Management, founded in 1989, offers investment management.

It has $1.5 million under management in equity and balanced accounts. The equity strategy is active, emphasizing growth stocks and using a top-down approach. Stocks are chosen within industries and market sectors expected to prosper within a 12- to 18-month economic forecast. Portfolio optimization is used to manage risk. The fixed-income strategy is active, using interest rate anticipation and a bottom-up approach.

Key professionals at the firm, and their years of experience, are Allen H. Waters, portfolio manager, 8 years, and Abu Bakr, administrator, 8 years.

Arguelles Realty Advisors

445 S. Figueroa St., 26th Floor, Los Angeles, Calif. 90071; (213) 612-7741

Arguelles Realty Advisors Inc., founded in 1991, offers investment banking and real estate advisory services.

The firm has expertise in organizational management consulting, valuation, financial advisory services, asset management consulting, Latin American markets and in such ancillary services as environmental management.

The firm has a strategic alliance with Kenneth Leventhal & Co. and Drake Securities Capital.

Key professionals at the firm, and their years of experience, are Jesus Arguelles, managing director, 16 years; Manny Sanchez, director, 24 years; Craig Zabala, director, 16 years; Rosalie Mendez, manager, 14 years; Larry Pyren and William Vera, consulting directors, 16 years each; Mike Morelli, director, 12 years; Cheryl McMichael, manager, 16 years; Kobena Koomson, manager, 12 years; and Leslie Zahler, manager, 11 years.

Ariel Capital Management

307 N. Michigan Ave., Suite 1020, Chicago, Ill. 60601; (312) 726-0140

Ariel Capital Management Inc., founded in 1983, offers investment management.

It has $1.7 billion under management in domestic equity accounts.

The investment strategy is bottom up, seeking value and growth. The firm invests in undervalued companies that have been misunderstood by other Wall Street analysts, finding strong potential for growth and long-term appreciation.

Key professionals at the firm and their years of experience are John W. Rogers Jr., president, 10 years; Patrick Barclay, chief executive officer, 5 years; Ed Singleton, chief financial officer, 18 years; Eric McKissack, senior vice president-research, 10 years; Dance Wright, senior vice president-marketing, 10 years; and Nancy Henninger, executive vice president, 10 years.

Arnold Investment Counsel

700 N. Water St., Suite 400, Milwaukee, Wis. 53202; (414) 271-2726

Arnold Investment Counsel Inc., founded in 1978, offers investment management.

It has $250 million under management in equity and fixed-income accounts. The equity strategy is value-oriented with a contrarian bent, focusing on stocks that already are beaten down due to bad news or industries that are unloved and undervalued by Wall Street. Its fixed-income approach is active, using interest rate anticipation. It is top-down overall, but bottom up on corporates.

Key professionals and their years of experience are David Aushwitz, president, 25 years; Lili Gust, executive vice president, 28 years; Ron Gawelski, vice president, 28 years; Dennis Shelansta, senior vice president, 26 years; Jim Dean, fixed-income manager, 15 years; and Bill O'Connor, director of research, 15 years.

Athene-Coronado Management Corp.

26 Broadway, Suite 241, New York, N.Y. 10004; (212) 422-6920

Athene-Coronado Management Corp., founded in 1984, offers investment management services.

It has $46 million under management in equity accounts.

The firm is an active manager specializing in special situations/merger arbitrage. Positions are maintained based on a specific spread — the difference between the cost and the ultimate merger price.

Key professionals at the firm and their years of experience are Sharon J. Kalin, president, 22 years, and Richard F. Hawrilka, executive vice president, 16 years.

Beal Investment Co.

366 Madison Ave., New York, N.Y. 10017; (212) 983-4722

Beal Investment Co., founded in 1988, offers investment management.

It has $180 million under management in domestic equity accounts.

The firm offers four portfolios that replicate the four primary fundamental investment styles: large-cap value, large-cap growth, small-cap value and small-cap growth. The investment process starts by establishing target portfolio attributes for each style. Individual stocks are selected and weighted to match the targets.

The firm is affiliated with MR Beal & Co.

Key professionals at the firm and their years of experience are Bernard B. Beal, chief executive officer, 13 years; James E. Francis, portfolio manager, 4 years; Neil Lieberman, chief financial officer, 10 years; Valerie Lancaster, administrative officer, 14 years; Joffrey Marcus, assistant portfolio manager, 4 years; and Mildred M. Carrillo, manager-client services, 5 years.

Bedell Investment Counselling

100 Pringle Ave., Suite 235, Walnut Creek, Calif. 94596; (510) 932-0344

Bedell Investment Counselling, founded in 1976, offers investment management and consulting.

It has $35 million under management in equity and fixed-income accounts, as well as "real" asset investments.

The equity strategy is active, using growth and emerging growth stocks in a top-down approach. The fixed-income strategy is active, emphasizing value and using a bottom-up approach.

The key professional at the firm is Judith Bedell, portfolio manager, with 22 years of experience.

Bond, Procope Capital Management

767 Fifth Ave., 28th Floor, New York, N.Y. 10153; (212) 752-0900

Bond, Procope Capital Management, founded in 1991, offers investment management.

It has $123 million under management in domestic equity accounts.

The equity strategy is active, seeking growth through a bottom-up approach to investing in medium- to large-capitalization companies.

Key professionals at the firm and their years of experience are Alan B. Bond, president and chief investment officer, 7 years; Krish Ryan, director of quantitative analysis, 7 years; Mona Williams, director of marketing, 3 years; and Eduardo Pascual, controller, 10 years.

Brooks Capital Management

25 Prospect Ave. W., Suite 700, Cleveland, Ohio 44115; (216) 861-1494

Brooks Capital Management Inc., founded in 1991, offers investment management.

It has $25 million under management in domestic fixed-income accounts. The investment strategy is active, specializing in U.S. government and agency issues.

Key professionals at the firm and their years of experience are Eric L. Small, manager, 8 years, and Cleveland C. Brooks, manager, 15 years.

Brooks Securities Inc.

25 Prospect Ave. W., Suite 700, Cleveland, Ohio 44114; (216) 861-6950

Brooks Securities Inc., founded in 1985, offers brokerage and investment management consulting.

The firm, as a broker dealer and underwriter, has expertise in tax-free and taxable public debt and corporate debt and equities.

Key professionals at the firm and their years of experience are Cleveland C. Brooks, president, 5 years; Eric L. Small, managing director, 7 years; David Meeks, associate, 3 years; and Elmer J. Whiting Jr., controller, 20 years.

The Cambridge Group Money Managers Inc.

94 Grand Ave., Englewood, N.J. 07631; (201) 568-5909

The Cambridge Group Money Managers Inc., founded in 1985, offers investment management.

The firm actively manages large-cap domestic equity accounts. The firm's investment approach is based on the contention that the flow of money is the only factor that causes a stock to change in value. The methodology blends technical and fundamental analysis to gauge each stock's attractiveness. The methodology screens 14 technical factors.

Key professionals at the firm and their years of experience are James Hudgins, portfolio manager, marketing, 13 years; Martin Siegel, portfolio manager, 22 years; A.C. Hudgins, trader, 15 years; and Austin Nelson, computer services, 7 years.

Capitalcorp Asset Management Inc.

655 Montgomery St., Suite 800, San Francisco, Calif. 94111; (415) 981-4050

Capitalcorp Asset Management Inc., founded in 1990, offers investment management.

It has $160 million under management in domestic equity, balanced and cash accounts.

The equity strategy is passive and top down, investing in growth stocks. The fixed-income strategy is top down and sector rotational.

The firm seeks to add value through a disciplined, structured approach using quantitative models. Fundamental bottom-up analysis is blended into the process.

The firm is affiliated with TIS Asset Management.

Key professionals at the firm and their years of experience are Patricia Howe Ellison, chairman and chief executive officer, 30 years; Lorraine O. Legg, president, 30 years; Michael J. Romanowski, senior vice president, 8 years; and John E. Leslie III, Seth A. Fleicher, Douglas A. Barry and Joan M. Muller, vice presidents, each with 7 years.

Capital Insight Brokerage

190 N. Canon Drive, Suite 200, Beverly Hills, Calif. 90210; (310) 858-5165

Capital Insight Brokerage, founded in 1987, offers brokerage services.

The firm has capabilities in equity, fixed-income, options, commodities, currencies and international securities trading, and is a market maker in 8 to 10 OTC issues. It does all of its own domestic trading. It provides research in domestic small-capitalization special situations and in economic, geopolitical and currency overviews of various countries.

Key professionals and their years of experience are Marilyn Cohen, president, 16 years; Jene Alexander, head equity trader, 24 years; and Brian McDonald, head trader, fixed-income, commodities and foreign currencies, 9 years.

Capital Network Services

1 Bush St., 17th Floor, San Francisco, Calif. 94104; (415) 576-3634

Capital Network Services, founded in 1986, offers cash management services.

It has $130 million under management in short-term assets.

It is a manager of managers, investing in diversified, institutional money market and bond funds that offer high yields in quality instruments. The funds are managed by major bank institutional trust departments.

Key professionals, and their years of experience, are Kathryn Ann Heily, chairman and president, 23 years; Jera B. Ruhland, treasurer and chief executive officer, 18 years; and Debra J. Shanley, secretary and chief operating officer, 16 years.

Cartwright & Goodwin Inc.

291 Broadway, 17th Floor, New York, N.Y. 10007; (212) 267-7795

Cartwright & Goodwin Inc., founded in 1985, offers investment management, consulting, investment banking and brokerage services.

It has $67 million under management in equity, fixed-income and international futures management accounts. The firm offers passive, active, domestic and international approaches.

The active equity approach uses both top-down and bottom-up analysis, with growth, emerging growth and value securities. The active fixed-income approach focuses on high-grade securities managed within client-defined investment objectives and risk parameters. It offers South Africa-free portfolios.

Key professionals at the firm and their years of experience are Stephen Goodwin, president and chief executive officer, 20 years, and Yvonne O'Neal, vice president, 10 years.

Cazenave & Co. Inc.

71 Stevenson St., Suite 1430, San Francisco, Calif. 94105; (415) 512-3480

Cazenave & Co., founded in 1987, offers brokerage services.

The firm has expertise in brokerage services for institutional equity clients. It also offers trade cost analysis, proxy services and portfolio restructuring.

Key professionals at the firm, and their years of experience, are Marx Cazenave, president, 25 years; William H. Carson, financial principal, 15 years; Rick Kogler, floor broker, 15 years; and Debra Norris, registered representative, 5 years.

L.H. Chaing Investment Counsel

5850 Canoga Ave., Suite 400, Woodland Hills, Calif. 91367; (818) 710-1022

L.H. Chaing Investment Counsel, founded in 1985, offers investment management and research on the Korean capital markets.

It has $56 million under management in equity and fixed-income accounts. The equity strategy is an active, top-down, value-oriented approach in both domestic and international markets. The domestic and international fixed-income strategy is active, focusing on interest rate anticipation and value.

Key professionals at the firm, and their years of experience, are Lien H. Chaing, principal, 12 years; Robert Meschelbock, research, 17 years; and John Heilman, analyst, 15 years.

Chandler Liquid Asset Management

4350 Executive Drive, Suite 103, San Diego, Calif. 92121; (619) 546-3737

Chandler Liquid Asset Management, founded in 1988, offers investment management.

It has $272 million under management in fixed-income accounts.

The firm specializes in the management of short- to intermediate-duration, high-quality fixed-income portfolios. Its active style is based on a continuing analysis of relative value among investment alternatives.

Key professionals at the firm, and their years of experience, are Kay Chandler, president and chief investment officer, 17 years, and Marty Cassell, trader analyst, 5 years.

The Chapman Co. Inc.

2 Hopkins Plaza, Suite 1010, Baltimore, Md. 21201; (410) 625-9656

The Chapman Co. Inc., founded in 1986, offers investment banking and brokerage.

The firm is a full-service investment brokerage firm, and is a broker dealer in equity, fixed-income, money market and option securities.

The firm is affiliated with Chapman Capital Management Inc.

Key professionals at the firm, and their years of experience, are Nathan A. Chapman Jr., president, 15 years; Dewey Fitzpatrick, fixed-income trader, 16 years; and Kim Markiewicz, equity trader, 10 years.

Money manager profiles will appear in the May 18 issue.

Lynch, Jones & Ryan, Inc.

We are pleased to announce the following officers of the firm:

President and Chief Executive Officer

Howard J. Schwartz

Managing Directors

Glenn R. Firestone
Patrick J. Kilcooley
Michael A. Knoll
Richard L. Scheiner, CFA
Robert D. Van Langen, CPA
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Daniel S. Davies
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Assistant Vice President

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LYNCH
JONES
& RYAN

Chapman Capital Management Inc.

2 Hopkins Plaza, Suite 1010,
Baltimore, Md. 21201; (410)
625-9656

Chapman Capital Management Inc., founded in 1988, offers investment management.

It has $70 million under management in active equity and fixed-income accounts.

The equity approach focuses on growth/value mid-capitalization companies. In fixed-income, the company seeks the best possible total return through interest rate forecasts and examining relative value among fixed instruments.

The firm is a subsidiary of The Chapman Co.

Key professionals at the firm, and their years of experience, are Nathan Chapman Jr., chief investment officer, 15 years; Earl U. Bravo Sr., president, 16 years; Samuel Hopkins, economist, 52 years; Bill Amos, investment committee member, 47 years; Kenneth Taylor, vice president-marketing, 17 years; H. Bernard Dorshow, head of research, 25 years.

L.P. Charles & Co.

1600 Stout St., Suite 1000, Denver,
Colo. 80202 (303) 534-4088

L.P. Charles & Co., founded in 1990, offers investment banking and brokerage services.

The firm has brokerage and execution expertise in fixed-income securities and equities, municipal finance, investment banking expertise in equity underwritings with market capitalizations of $25 million or greater and corporate debt that is rated A or better, and international securities execution.

Key professionals, and their years of experience, are Charles V. Pankey, president and chief executive officer, 11 years; Gary Silvestri, vice president, 12 years; Fritz Voelker, vice president, 18 years; Edward DiGiacomo, vice president, 30 years; Ralph D. Janitell III, manager, fixed-income trading and sales, 9 years; and Evelyn Pinney, principal, 4 years.

Charter Research & Investment Group Inc.

24 Thorpe St., Fairfield, Conn. 06430;
(203) 259-4004

Charter Research & Investment Group Inc., founded in 1988, offers investment management.

It has $15 million under management in equity, fixed-income and balanced accounts.

The equity strategy is active, top-down and growth-oriented. The fixed-income strategy is active, top-down and based on interest rate anticipation, emphasizing investment-grade corporate and government securities. The investment approach concentrates on asset allocation, portfolio structure and quality of assets.

Key professionals at the firm, and their years of experience, are Paula M. Luciani, president, 25 years, and Gloria A. Marwell, vice president, 10 years.

CIC Asset Management Inc.

800 W. Sixth St., Suite 450, Los
Angeles, Calif. 90017; (213)
629-0451

CIC Asset Management Inc., founded in 1989, offers investment management.

It has $100 million under management in equity accounts.

The firm specializes in managing large-cap portfolios, using a disciplined value approach. Computer-based valuation screens are used in conjunction with fundamental research to construct portfolios from a universe of 600 stocks.

Key professionals, and their years of experience, are Elario R. Monteiro, portfolio manager analyst, 11 years; Fernando Inzunza, portfolio manager analyst, 12 years; and Jorge Castro, portfolio manager analyst, 9 years.

Cisneros Asset Management

1000 Louisiana St., 60th Floor,
Houston, Texas 77002; (713)
751-2463

Cisneros Asset Management Co., founded in 1989, offers investment management, investment management consulting and training.

It has $285 million under management in fixed-income accounts.

The firm's investment approach is to integrate interest rate anticipation and sector shifting techniques with research and analyses of monetary, economic and international conditions to achieve the highest rate of return over a full market cycle consistent with client objectives.

The firm has expertise in providing training in the basics of the fixed-income market place. It advises smaller public clients on the investment universe appropriate for their portfolios.

The firm has a sub-advisory investment agreement with Criterion Investment Management Co.

Key professionals, and their years of experience, are Gilbert Andrew Garcia, senior vice president, 7 years, and Narcios O. Cano, president, 2 years.

Clemente Capital Inc.

767 Third Ave., 33rd Floor, New York,
N.Y. 10017; (212) 759-3339

Clemente Capital Inc., founded in 1976, offers investment management.

It has $353 million under management in equity and fixed-income accounts.

Its active equity strategy incorporates top-down, bottom-up, growth, emerging growth and thematic approaches. The fixed-income strategy is active, using sector rotation, interest rate anticipation, and top-down and bottom-up approaches.

As a global manager, the firm monitors economic development in 30 countries to develop an economic forecast and assess the relative strenght of the currency of each country. From the forecast it creates an asset allocation model, which includes a risk/reward analysis by country. It selects weightings by country and makes company selections based on bottom-up analysis.

The firm is affiliated with American Family Life Assurance Co.

Key professionals, and their years of experience, are Lilia C. Clemente, chairperson and chief executive officer, 25 years; Leopoldo M. Clemente, president, 23 years; and Thomas J. Prapas, managing director, 9 years.

Cookson, Peirce & Co. Inc.

535 Smithfield St., Pittsburgh, Pa.
15222; (412) 471-5320

Cookson, Peirce & Co. Inc., founded in 1983, offers investment management.

It has $110 million under management in equity and balanced accounts. The equity strategy is active, using a top-down approach for risk and bottom-up approach for stock selection. The fixed-income strategy is active and top-down.

Investment decision-making factors include market, fundamental, monetary and cyclic factors. Industry strengths are identified and, within policy limits, a deliberate effort is made to concentrate

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200 CONNECTICUT AVENUE, SUITE 700, NORWALK, CT 06854
(203) 855-2299

An open letter to the readers of "Pensions and Investments" from Muriel Siebert:

"With success comes obligation.
I believe my SEPP Program
can make a difference."

Although I have been a member of the New York Stock Exchange since 1967, new business opportunities are now available to my firm as the result of its status as a Women's Business Enterprise ("WBE"). Specifically, the bulk of my firm's underwriting opportunities result from the policies of the Federal, State and City Governments which encourage participation by woman- and minority-owned businesses.

These opportunities are providing significant profit potential for firms like mine. However, the Governments which provide these underwriting opportunities are struggling to balance their budgets. I have decided, therefore, to share the profit from this business with charities serving important social needs in the communities of either the issuer or the buyer.

We have formalized my idea of giving back to the communities of issuers or investors into an ongoing program which we call the Siebert Entrepreneurial Philanthropic Plan, or " SEPP Program." Under SEPP, my firm donates 1/2 of the sales commission we earn on underwritings and designations received as a result of our WBE status.

For example, our participation in the sales of new-issue mortgage backed securities by The Resolution Trust Corporation has enabled my firm to donate over $163,000 to numerous worthy charities located across the nation. Last year - the program's initial year - total SEPP donations exceeded $310,000.

I feel that my SEPP Program can make a difference and help make the 90's the "Decade of Decency." If you would like more information about the SEPP Program, we would be delighted to send you a copy of our brochure.

Please call or write either myself or Ms. Lynnelle Jones, Senior Vice President.

Cordially,

Muriel Siebert

Muriel Siebert
President and Chairwoman

Muriel Siebert & Co., Inc.
444 Madison Avenue, New York, NY 10022
Tel: (212) 644-2418 Fax: (212) 486-2784

Muriel Siebert & Co., Inc. is a member firm of the New York Stock Exchange since 1967. The firm participates as an underwriter in financings by corporations, including debt and equity, and the debt financings of municipal and government agency issuers. In addition to underwriting services for issuers and investors, the firm provides equity trading services to institutional and individual investors at discounted commission rates.

in the most attractive industries.

Key professionals, and their years of experience, are Jane Cookson, president, 24 years; Robert B. Peirce, chief investment officer, 24 years; Donald H. Cookson, treasurer, 7 years; and Bruce W. Miller, portfolio manager, 5 years.

P.G. Corbin Asset Management Inc.

1411 Walnut St., Suite 1225,
Philadelphia, Pa. 19103; (215)
568-2508

P.G. Corbin Asset Management Inc., founded in 1987, offers investment management.

It has $274 million under management in equity, fixed-income and balanced accounts.

The investment approach is to manage duration conservatively around the comparative index and maximize convexity, thus controlling risk while maximizing returns. Value is added by selecting the appropriate target, allocating sectors according to attractive historical and expected nominal and option-adjusted yield spreads, and using fundamental and technical analysis in buy and sell decisions.

Key professionals, and their years of experience, are Patricia Garrison-Corbin, chairman, 5 years; James D. Corbin, senior vice president, 3 years; Mark Terrence Corbin, portfolio manager, 3 years; Elizabeth Frank, consultant, 25 years; and Mel Hollis, research assistant, 2 years.

DIAMAN Associates

42 Dayton Road, West Redding,
Conn. 06896; (203) 938-3770

DIAMAN Associates, founded in 1985, offers investment management, investment management consulting and foreign country fund partnerships.

It has $17 million under management in equity and fixed-income accounts.

The strategies are active and international in scope with a thematic approach to investment, using both top-down and bottom-up analysis. The investment approach uses a combination of fundamental and technical analysis. Proprietary technical analysis using advanced mathematical models is employed to control risk and adjust strategies.

Key professionals, and their years of experience, are Diana Maness, president, 22 years; Nicolai N. Ovodow, managing director, 25 years; and Roland Hagman, managing director, 10 years.

Discount Corp. of New York Advisers

58 Pine St., New York, N.Y. 10005;
(212) 248-8990

Discount Corp. of New York Advisers, founded in 1978, offers investment management.

It has $2 billion under management in domestic and global fixed-income accounts. It is an active top-down, bottom-up fixed-income manager, using the highest quality and most liquid securities, derivatives and key currencies. Duration adjustments, international allocations and issue selection reflect the fundamental and technical analyses of U.S. and foreign interest rates and exchange market trends and developments.

Key professionals at the firm, and their years of experience, are Patricia deBlank Klink, president and chief executive officer, 20 years; Patrick L. Alexander, senior vice president-portfolio manager, 17 years; Theresa Rose, vice president-portfolio manager, 20 years; Donald Plotsky, vice president-portfolio manager, 7 years; Lauren I. Best, assistant vice president-portfolio manager, 19 years; and Peter Bernos, assistant vice president-administration, 13 years.

Doley Securities Inc.

616 Baronne St., New Orleans, La.
70113; (504) 561-1128

Doley Securities Inc., founded in 1975, offers investment banking services.

The firm participates in issue syndication as manager and underwriter. The firm also transacts OTC trades for clients, including institutions such as insurers and endowments.

Key professionals, and their years of experience, are Harold E. Doley Jr., chairman, 23 years; Arthur E. McClearin, senior executive vice president, 18 years; and Sue W. Walsworth, vice president, 1 year.

The EAI Americas Funds

200 Connecticut Ave., Suite 700,
Norwalk, Conn. 06854; (203)
855-2299

The EAI Americas Funds, launched in 1990, is a manager of managers in active equities and fixed income.

It has $114 million under management, managed by nine, mainly emerging, investment firms. Low risk characteristics are achieved through manager and style diversification and the small manager expertise of Evaluation Associates, which operates the funds.

Key professionals at Evaluation Associates overseeing the funds, and their years of experience, are Larry Zielinski, senior vice president, 22 years; Keith Stransky, senior vice president, 17 years; and Lois Block, coordinator, 11 years.

East/West Securities Co.

120 Montgomery St., Suite 993, San
Francisco, Calif. 94104; (415)
397-3400

East/West Securities Co., founded in 1981, offers brokerage and institutional research.

The firm has expertise in block executions in domestic and foreign securities and a strong international multilingual staff able to execute and clear all markets. It also provides investment research in domestic and foreign securities with emphasis on sells as well as buys. It has particular expertise in Asian, U.K. and U.S. securities.

Key professionals, and their years of experience, are Charles Nai Fung Chen, managing partner, 14 years; Leslie U. Harris, partner, 23 years; Benedict Choi, executive vice president, 13 years; Michelle Y. Chan, vice president, 4 years; Wilson Chow, vice president, 23 years; Sara M. Grossman, vice president; 6 years; John Snead, analyst, 4 years; and Helen Lam, cashier, 19 years.

Economic Resources Corp.

2600 Industry Way, Lynwood, Calif.
90262; (310) 537-4610

Economic Resources Corp., founded in 1968, offers investment management.

It has $9 million under management in venture capital.

The firm's investments are in businesses with substantial ownership interest by ethnic minority groups. The fund is diversified but targets manufacturing, communications and health-care technology. It has special expertise in environmental investing and entertainment finance.

Key professionals, and their years of experience, are: Lancelot E. Drummond, chief executive officer, 30 years; Kenneth T. Lombard, executive vice president, 15 years; Gregory B. Boyd, senior vice president, 17 years; and Deborah Pegues, vice president, 15 years.

Evergreen Asset Management Inc.

1301 Fifth Ave., Suite 3634, Seattle,
Wash. 98101; (206) 224-9914

Evergreen Asset Management Inc., founded in 1988, offers investment management and execution services.

It has $65 million under management in equities and fixed-income accounts.

The firm specializes in core growth equity management that emphasizes diversification and risk management. The conservative strategy is constructed to provide long-term, consistently above-average returns. The domestic fixed-income strategy is conservative, based on interest rate anticipation and designed to earn a better-than-market rate of return with extremely low risk.

Key professionals, and their years of experience, are Elana Russell, president, 21 years; and Mary Jane Patterson, vice president, 14 years.

EverGreen Capital Management Inc.

10250 Regency Circle, Omaha, Neb.
68114; (402) 392-7834

EverGreen Capital Management Inc., founded in 1989, offers investment management.

It has $29 million under management in equities. It uses a value contrarian strategy to discover equities that present opportunities for superior growth over a market cycle.

Key professionals at the firm, and their years of experience, are Michael L. Green, president, 6 years, and Mary H. Jochim, vice president, 13 years.

Ewing Capital Inc.

1110 Vermont Ave. N.W., Suite 1170,
Washington, D.C. 20005; (202)
463-8787

Ewing Capital Inc., founded in 1981, offers investment management and brokerage.

It has $21 million under management in equity and balanced accounts.

The equity strategy is active and top down, with a growth emphasis. It invests in companies that are fundamentally superior and technically attractive.

Brokerage services are offered to institutions on domestic and international equities, domestic fixed-income instruments and special products.

Key professionals, and their years of experience, are Samuel D. Ewing Jr., president, 30 years; Thomas H. Parnell, portfolio manager, 18 years; Theodore S. Bryant, equity trader, 3 years; and Linda E. LaPrada, fixed-income trader, 8 years.

Florence Fearrington Inc.

90 Broad St., New York, N.Y. 10004;
(212) 480-9020

Florence Fearrington Inc., founded in 1979, offers equity investment management.

The firm has $176 million under management. It follows a value approach, purchasing only when securities appear distinctly undervalued in the market place in relation to the firm's analysis of their intrinsic value.

Key professionals at the firm are Florence Fearrington and James W. Needham.

Financial Architects

5 Militia Drive, Lexington, Mass.
02173; (617) 674-0042

Financial Architects, founded in 1990, is an investment management firm.

It has $4 million under management in equity accounts. Portfolios are structured as growth or growth and income. The firm also can screen for socially responsible investments.

The key professional at the firm is Catherine F. White, portfolio manager and chief executive officer, who has 13 years of experience.

First Honolulu Securities

900 Fort Street Mall, Suite 950,
Honolulu, Hawaii 96813; (808)
523-9422

First Honolulu Securities Inc., founded in 1979, is a brokerage firm.

The firm has expertise in emerging markets in Asia, Latin America and Europe. It provides domestic equity and fixed-income research on Hawaii-based companies and undervalued corporate and municipal debt instruments.

It clears through Bear Stearns, Prudential Bache and Shearson.

Key professionals at the firm, and their years of experience, are Gregory F. Kowal, president and principal, 20 years; Frank Inzarry, director of marketing and principal, 13 years; Richard Dole, domestic analyst, 23 years; and Alejandro A. Aquino, international analyst, 10 years.

Forum Capital Management

650 S. Cherry St., Suite 745, Denver,
Colo. 80222; (303) 320-1110

Forum Capital Management Corp., founded in 1991, offers investment management and brokerage.

It has $15.5 million under management in fixed-income accounts. The domestic fixed-income strategy is active and top-down, based on interest rate anticipation, sector rotation and value.

The firm receives administrative support from the Winsbury Co., which oversees 70 mutual funds.

Key professionals, and their years of experience, are Patricia Moore, president, 12 years; Michael A. Southwell, executive vice president, 19 years; Richard Hinderlie, vice president and portfolio manager, 18 years; John Diagle, vice president, 7 years; Karen Howard, vice president, 3 years; and Autumn Zamzow, director, 10 years.

Fulton Breakefield Broenniman Inc.

4326 Montgomery Ave., Bethesda,
Md. 20814; (301) 657-8870

Fulton Breakefield Broenniman Inc., founded in 1984, offers investment management and brokerage services.

It has $25 million under management in equity, fixed-income and real estate investment trust accounts. The investment strategies are active, emphasizing value with a bottom-up approach.

Key professionals, and their years of experience, are Susan Breakefield Fulton, president, 8 years; and Margaret Clover Broenniman, vice president, 20 years.

Fundamental Associates Inc.

606 Wilshire Blvd., Suite 600, Santa
Monica, Calif. 90401; (310)
451-0133

Fundamental Associates Inc., founded in 1987, offers investment management.

It has $495 million under management in actively managed, domestic fixed-income accounts.

The firm's investment approach is based on a belief that superior returns are obtained by staying essentially fully invested in high-quality securities. Preservation of capital is of utmost importance.

Key professionals at the firm, and their years of experience, are Paul L. Martin, president, 30 years; Glenn F. Lewis, chairman, 38 years; Terry H. Holberton III, managing director, 20 years; and Michael J. Schab, managing director, 11 years.

Galleon Capital Management

2355 Northside Drive, Suite 120, San
Diego, Calif. 92108; (619) 584-6185

Galleon Capital Management Inc., founded in 1990, offers investment management.

It has $32 million under management in active equity accounts.

The equity strategy is bottom-up and growth oriented, focusing exclusively on large companies with strong fundamentals, accelerating cash flows, high return on equity and valuations based on cash flow to price multiples.

Key professionals at the firm, and their years of experience, are Louis Acevedo, chairman and chief investment officer, 12 years; Garry Johnson, portfolio manager, 21 years; Millie Rauschenberg, generalist-research analyst, 2 years; and Maria Acevedo, trader, 10 years.

Garewal Financial Consultants

24 Barger St., Putnam Valley, N.Y.
10579; (914) 528-0245

Garewal Financial Consultants, founded in 1990, offers investment and portfolio accounting with back office support.

The firm processes investment transactions, deals with brokers and custodians, monitors margin accounts, prepares customized performance reports and financial statements and supports the auditors.

Key professionals at the firm, and their years of experience, are Pratibha Garewal, partner, 11 years, and Karan Garewal, partner, 13 years.

Genesis Capital Management

909 Montgomery St., Suite 600, San
Francisco, Calif., 94133; (415)
677-1551

Genesis Capital Management, founded in 1990, offers investment management.

It has $50 million under management in equity and fixed-income accounts. The active equity and fixed-income strategies both focus on growth, using bottom-up approaches and sector rotation.

The firm's investment approach is conservative and growth-oriented with a long-term horizon. The discipline is biased toward defensive strategies, which cushion downside risk in turbulent markets. The firm regards volatility and market inefficiencies as opportunities to enhance value.

Key professionals at the firm, and their years of experience, are Gail P. Seneca, partner, 10 years; Harold C. Nathan, senior portfolio manager, 14 years; Richard C. Little, partner, 23 years; Mary Schiavone, director of municipal bonds, 20 years; Charles Dicke, portfolio manager, 4 years; and Ronald Jacks, portfolio manager, 3 years.

Global Execution Network Associates Inc.

100 Wall St., 21st Floor, New York,
N.Y. 10005; (212) 747-3345

Global Execution Network Associates Inc., founded in 1991, offers brokerage services.

The firm specializes in providing international equity and bond execution through its own network. It is active in 26 markets on five continents. Offices are located in New York, London and Paris.

The firm is affiliated with Charles Alan Securities Inc., London.

Key professionals at the firm, and their years of experience, are Lisa A. Manuele, president, 10 years; Herve A. Simon, director, 23 years; Robert A. Golding, director, 22 years; and Deborah E. Holland, marketing director, 11 years.

GLOBALT Inc.

3060 Peachtree Road N.W., Suite
225, 1 Buckhead Plaza, Atlanta, Ga.
30305; (404) 364-2188

GLOBALT Inc., founded in 1990, offers investment management services.

It has $20 million under management in equity, fixed-income and balanced accounts.

The equity approach is active and growth-oriented, using a multifactor model for portfolio optimization. It invests exclusively in a proprietary universe of U.S. multinational companies, providing an international investment alternative. It emphasizes global exposure, earnings growth and low price to value. The fixed-income approach is active, focusing on controlled duration, emphasizing high quality and liquidity.

Key professionals at the firm, and their years of experience, are Angela Z. Allen, president, 21 years; Samuel E. Allen, director, 33 years; and Gary

We are pleased to announce the formation of

El Dorado Ventures III, L. P.

$41,666,667

We wish to thank our Limited Partners and their Investment Advisers for their confidence and support in forming El Dorado Ventures III.

We also extend our gratitude to our long-time investors, company executives and other friends whose assistance helped make this offering successful.

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Shanda Bahles
Gary W. Kalbach
Thomas H. Peterson
Brent T. Rider

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Commodity Pool Operator

World Financial Center – South Tower
New York, NY 10080-6106
(212) 236-4158

Merrill Lynch

E. Fullam, Fredric A. Mann and William H. Roach Jr., senior vice presidents, with 6, 22 and 7 years respectively.

Gorland Securities Inc.
372 Danbury Road, Wilton, Conn.
06896; (203) 761-9897

Gorland Securities Inc., founded in 1990, offers brokerage, research and market strategy.

The firm offers proprietary products in fundamental research and technical analysis, using advanced mathematical models of international markets.

Key professionals at the firm, and their years of experience, are Diana Maness, chief executive officer, 22 years; Nicolai N. Ovodow, president, 25 years; and Roland Hagman, chairman, 10 years.

Gramercy Capital Management Corp.
515 Madison Ave., 41st Floor, New
York, N.Y. 10022; (212) 935-6909

Gramercy Capital Management Corp., founded in 1986, offers investment management.

It has $255 million under management in equity accounts.

The firm manages concentrated portfolios with 10 to 20 stocks. It has a value orientation, although growth in earnings also is a major factor. It seeks out-of-favor stocks that are undervalued by institutions and over-owned by management.

Grace & White is a minority shareholder.

Key professionals at the firm, and their years of experience, are Joan E. Lappin, president, 27 years; Gerald I. White, chairman, 24 years; and Joel Goldsmith, analyst, 6 years.

Greaves Capital Management Inc.
1230 Peachtree St., Suite 2470,
Atlanta, Ga. 30309; (404) 874-1284

Greaves Capital Management Inc., founded in 1985, offers investment management.

It has $439 million under management in actively managed, domestic equity accounts.

The firm's bottom-up approach invests in large- and medium-capitalization companies on a long-term basis, with heavy emphasis placed on minimizing the risk of owning equities by paying strict attention to portfolio design.

Key professionals at the firm, and their years of experience, are Keith A. Greaves, president and chief investment officer, 20 years, and Winston Nunn, vice president, 5 years.

Gries Financial Corp.
1127 Euclid Ave., Suite 1500,
Cleveland, Ohio 44115; (216)
861-1148

Gries Financial Corp., founded in 1978, offers investment management.

It has $102 million under management in equity, fixed-income and balanced accounts.

The active equity strategy uses top-down, bottom-up analysis, investing in both growth and value stocks. The active fixed-income strategy uses interest rate anticipation and top-down, bottom-up analysis. The firm's approach is based on the belief that changes in fundamentals drive valuations.

Key professionals at the firm, and their years of experience, are Sally Gries, president, chief executive officer and portfolio manager, 25 years; and Stewart L. Rice, executive vice president and director of investment management, 30 years.

Grigsby Brandford Capital Partner
1118 N. LaSalle Drive, Chicago, Ill.
60610; (312) 944-0359

Grigsby Brandford Capital Partner, founded in 1991, offers investment management, brokerage and investment management consulting.

It has $70 million under management, in equity and fixed-income accounts.

The firm uses a top-down, value-oriented approach to both stocks and bonds. The ability to forecast basic economic patterns and reliance on quantitative tools are important components of the process.

The firm also offers research support for domestic and international equity and fixed-income management on an advisory basis. Bond and stock brokerage is provided primarily through the firm's affiliate, Grigsby Brandford & Co. Inc.

Key professionals at the firm, and their years of experience, are Alan D. Segars, managing partner, 23 years; Calvin B. Grigsby, sales, 21 years; and George M. Cohen, researcher, 17 years.

GW Capital Inc.
10800 N.E. 8th St., Suite 315,
Bellevue, Wash. 98004; (206)
646-9336

GW Capital Inc., founded in 1989, offers investment management.

It has $30 million under management in equity, fixed-income and balanced accounts. Both the equity and fixed-income strategies are active and sector rotational.

The firm's equity approach emphasizes target sectors based on business cycle analysis and fundamental security selection. Growth, value and low p/e stocks are included. The fixed-income approach uses intermediate corporate and government as well as convertible bonds.

Key professionals at the firm, and their years of experience, are Guy N. Watanabe, president, 16 years, and Linda K. Mauzy, vice president, 7 years.

According to Pensions & Investments,
We Were #1 in 1991.
Twice.

Top Row: **James Francis**-Portfolio Manager, **Bernard Beal**-CEO
Bottom Row: **Mildred Carrillo**-Manager, Client Services, **Jeff Marcus**-Assistant Portfolio Manager

Beal Investment Company

Top Manager of 1991

Most New Domestic Equity Business
(under $250 Million)

Net Dollar Gain
(under $250 Million)

We want to thank our Public and Corporate Clients for their confidence and support.

To learn more about Beal Investment Company's Equity Style Portfolios, please call James Francis at 212-983-4722, or write to us at 366 Madison Avenue, New York 10017.

Hahn Capital Management
350 Sansome St., Suite 1030, San
Francisco, Calif. 94104; (415)
397-6960

Hahn Capital Management, founded in 1988, offers investment management.

It has $12 million under management in equities and fixed income.

Its equity approach is value-oriented, grounded in Graham and Dodd principles. Fundamental analysis is used to determine a value range for a stock that guides the buy and sell decisions. Value is determined through future cash flows. Its fixed-income approach is active, using interest rate anticipation, top-down analysis and a value approach.

Key professionals at the firm, and their years of experience, are Elaine F. Hahn, president, 15 years; and Michael Frandsen, research assistant, 4 years.

Hamil & Holte Inc.
410 17th St., Suite 2460, Denver,
Colo. 80202; (303) 820-3701

Hamil & Holte Inc., founded in 1983, offers investment management.

It has $35 million under management in equity and fixed-income accounts.

The firm's active, growth-oriented equity approach has a long-term conservative bias, stressing preservation of capital. A proprietary model helps find good values, emphasizing earnings growth and eliminating companies with high levels of debt. In fixed-income, the firm maintains a risk-adverse approach, attempting to achieve real rates of return coupled with low price volatility. Quality is stressed.

Key professionals at the firm, and their years of experience, are Carolyn Hamil Henderson, president, 12 years, and Debra L. Holte, executive vice president, 12 years.

Hamilton Management Group Inc.
3775 NationsBank Plaza, Charlotte,
N.C. 28280; (704) 358-9808

Hamilton Management Group Inc., founded in 1985, offers investment management.

It has $19 million under management in equity and balanced accounts. The firm uses a bottom-up approach for both stocks and bonds.

The firm combines the general tenets of efficient capital market theory with fundamental research skills. The equity approach uses economic sector indexation and fundamental analysis to select stocks within these sectors. The fixed-income approach takes advantage of call and sinking-fund features in certain issues that result in relatively higher current yields and lower price fluctuations.

Key professionals at the firm, and their years of experience, are Mary L. Woollen, chief operating officer and director of research, 8 years, and Peter J. Shintay, portfolio manager and marketing director, 13 years.

Hanover Capital Asset Management Inc.
1520 Locust St., Philadelphia, Pa.
19102; (215) 731-0631

Hanover Capital Asset Management Inc., founded in 1990, offers investment management and financial advisory services.

It has $45 million under management in fixed-income accounts.

The firm's active fixed-income approach is duration- and allocation-based. It employs three fundamental principles in the picking investments: absolute and relative value; maintenance and improvement of purchasing power; and construction of diversified portfolios.

The firm also offers financial advisory services to state and local municipalities in the areas of mortgage finance and credit underwriting; cash/liquidity management; and asset review and disposition.

The firm is affiliated with Hanover Capital Partners.

Key professionals at the firm, and their years of experience, are Marilyn Dicks-Riley, president, chief executive officer and chief investment officer, 14 years; Irma N. Tavares, managing director, trader, 10 years; and Joyce S. Mizerak, vice president and senior research analyst.

HCM Capital Management
P.O. Box 4342, Honolulu, Hawaii
96812; (808) 841-3699

HCM Capital Management Inc., founded in 1990, offers investment management.

It has $117 million under management in active fixed-income accounts. The firm identifies interest rate trends, considering changes in fundamental economic factors. Relative value analysis is used in security selection to identify pricing inefficiencies with respect to sector, quality, coupon and maturity.

The key professional at the firm is Michael K. Hirai, chief investment officer, with 9 years of experience.

Holland Capital Management
35 W. Wacker Drive, Suite 3260,
Chicago, Ill. 60601; (312) 553-1000

Holland Capital Management, founded in 1991, offers investment management. Brokerage is available through its affiliate, HCM Investments Inc.

It has $50 million under management in equities, fixed-income and balanced accounts.

In equities, the firm invests in high-quality growth stocks, using a bottom-up stock selection approach and fundamental research. Its core, active fixed-income approach is top-down within a long-term framework, avoiding extreme maturity/duration shifts while focusing on high-quality, liquid issues.

Key professionals at the firm, and their years of experience, are Louis A. Holland, managing partner and chief investment officer, 25 years; Kenneth J. Gimbel, senior vice president and director of research, 22 years; Laura J. Janus, vice president and portfolio manager, 22 years; and Monica L. Walker, vice president and portfolio manager, 8 years.

Holt-Smith & Renk Inc.
4274 East Towne Blvd., Suite 204,
Madison, Wis. 53704; (608)
249-4488

Holt-Smith & Renk Inc., founded in 1987, offers investment management.

It has $20 million under management in equity, fixed-income and balanced accounts.

The equity strategy is active, focusing on growth and emerging growth issues. The firm uses a bottom-up approach encompassing a wide variety of market capitalizations. The fixed-income strategy is active and uses interest rate anticipation. Portfolio volatility lowered by reducing duration when interest rates are trending higher.

Key professionals at the firm, and their years of experience, are Marilyn Holt-Smith and Kristin Y. Renk, both managing directors with 13 and 12 years, respectively.

John Hsu Capital Group Inc.
767 Third Ave., 11th Floor, New York,
N.Y. 10017; (212) 223-7515

John Hsu Capital Group Inc., founded in 1991, offers investment management services.

The firm's active equity approach uses a comprehensive, top-down analysis of global political economies; currency cross rates; real GNP growth; inflation; corporate profits; Federal Reserve policy; and interest rates. Bottom-up stock selection focuses on undervalued assets and out-of-favor stocks and sectors. The active fixed-income approach is top-down, focusing on the balance between value and risk. The firm emphasizes total return, credit research and analysis; and credit features.

Key professionals at the firm, and their years of experience, are John Hsu, chairman, 30 years; Suzanne J. Currie, managing director, 16 years, and Mark Collins, analyst, 3 years.

Hudson Hamilton Capital Management Inc.
130 Commons Court, Chadds Ford,
Pa. 19317; (215) 558-4001

Hudson Hamilton Capital Management Inc., founded in 1991, offers investment management.

It has $8 million under management in equity accounts.

The active equity strategy is growth-oriented using bottom-up analysis. The firm seeks stocks with consistent earnings growth for at least five years and low debt. Portfolios have a medium-capitalization bias. The firm will not invest in financial, airline or utility stocks.

Key professionals at the firm, and their years of experience, are Janet C. Hamilton, president, 8 years, and J. Penn Hudson II, vice president and chief investment officer, 17 years.

Heuler Cos.
11000 W. 78th St., Suite 101,
Minneapolis, Minn. 55344; (612)
941-5351

Heuler Cos., founded in 1986, is comprised of three distinct firms, each providing consulting expertise, products and services in the stable-asset/GIC market.

- K.H. Heuler provides consulting services for 401(k) and profit-sharing plans. Services include portfolio evaluation and performance measurement.
- Heuler Analytics Inc. is a customized data base and performance measurement system for 30 GIC pooled funds with $8 billion in assets. Comprehensive analysis and comparison is available on a quarterly basis.
- LOGIC Systems Inc. is a GIC data base and portfolio evaluation system. Software for analysis, administration and reporting is offered.

Key professionals at the firm, and their years of experience, are Kelli Hustad Hueler, president and chief executive officer, 11 years; Janet Jasin Quarberg, principal and chief operating officer, 5 years; and Paula M. Fahey, principal and vice president, 8 years.

INNOVA Securities Inc.
225 Franklin St., 25th Floor, Boston,
Mass. 02110; (617) 261-9170

INNOVA Securities Inc., founded in 1990, offers brokerage, investment banking, investment management consulting and investment manager due diligence review.

It has special expertise in unclaimed property matters and advising financially distressed governmental issuers.

Key professionals at the firm, and their years of experience, are Edward A.H. Siedle, president, 12 years; Eric H. Pookrum, executive vice president, 12 years; Benjamin Blakney, senior vice president, 8 years; John V. Burnham, vice president, 10 years; and Vincent J. Santos, vice president, 8 years.

Proxy season preview: March 30.

Institutional Portfolio Services
1 First National Plaza, Suite 2594,
Chicago, Ill. 60603; (312) 236-5388

Institutional Portfolio Services, founded in 1969, offers investment management.

It has about $100 million under management in equities, fixed-income and options accounts.

In equities, it uses a top-down approach. The firm chooses two dominant companies in each of five industries favorably situated during a given phase of an economic cycle. Less than 10% of the portfolio is allocated to special situations or turnarounds. Its fixed-income approach uses interest rate anticipation.

Key professionals at the firm, and their years of experience, are B. Padmanabha Pai, president, 24 years, and Mohini C. Pai, vice president, 18 years.

Investment Advisors of Key Biscayne Inc.
240 Crandon Blvd., Suite 200, Key
Biscayne, Fla. 33149; (305)
361-7951

Investment Advisors of Key Biscayne Inc., founded in 1986, offers investment management.

It has $10 million under management in active equities and fixed-income accounts. Its equity approach is growth-oriented. Its fixed-income approach is top-down, using interest rate anticipation.

Key professionals at the firm, and their years of experience, are Ernestine McKay, president, 27 years, and Margarita V. Fernandez, vice president, 7 years.

Jackson Pittsburg Associates
2 Broadway, New York, N.Y. 10004;
(212) 635-0130

Jackson Pittsburg Associates, founded in 1991, offers brokerage, using value and timing approaches.

The firm is a division of RAS Securities.

Key professionals at the firm are Ronald Jackson, president, and Jeffrey Pittsburg, vice president, each with 22 years of experience.

JMC Capital Management
P.O. Box 6468, Metairie, La. 70009;
(504) 833-1111

JMC Capital Management Inc., founded in 1981, offers investment Management.

It has $472 million under management in equity, fixed-income and cash management accounts. The active equity strategy is bottom-up, investing in growth stocks. The active fixed-income strategy is top-down.

The firm's invests in growth stocks with an emphasis on superior earnings growth in the strongest industry groups. The fixed-income approach uses limited-maturity, high-quality securities that produce consistent returns. Balanced portfolios combine the two approaches. The firm is 20% owned by minorities or women, and is affiliated with JMC Securities Inc.

Key professionals at the firm, and their years of experience, are Franklin H. Jones Jr., chief executive officer, 33 years; Stephen J. Casamento, executive vice president, 20 years; and Earl Johnson Jr. and Michael W. Rohm, senior vice presidents, with 15 and 19 years, respectively.

Kalin Associates Inc.
26 Broadway, Suite 241, New York,
N.Y. 10004; (212) 809-6400

Kalin Associates Inc., founded in 1990, offers brokerage services.

All listed orders are placed directly on the NYSE floor to assure prompt, accurate executions with the highest level of confidentiality. The firm acts only as agent. It also offers execution services on principal European and Asian exchanges.

Key professionals at the firm, and their years of experience, are Sharon J. Kalin, president, 22 years; Milissa J. Martin, secretary, 12 years; and Richard F. Howrilka, executive vice president, 16 years.

The Kenwood Group Inc.
77 W. Washington, Suite 1615,
Chicago, Ill. 60602; (312) 368-1666

The Kenwood Group Inc., founded in 1989, offers investment management.

It has $24 million under management in equity accounts.

The firm's investment approach is value-oriented, focusing on attractive opportunities in the $200 million to $6 billion capitalization range. Rigorous fundamental analysis and close examination of management decisions and strategies are central to the firm's philosophy. The approach is designed to beat the S&P 500 over a full market cycle, while minimizing volatility.

Key professionals at the firm, and their years of experience, are Barbara L. Bowles, president, 15 years; Mark Watson, vice president, 5 years; and Jacqueline Ward, vice president, 10 years.

Krystal Investment Management
70 W. Madison, 3 First National Plaza,
Suite 1401, Chicago, Ill. 60091;
(312) 781-9668

Krystal Investment Management, founded in 1991, offers equity investment management.

Its strategy is to use its own index fund to buy stocks of U.S. companies with 20% to 80% of their assets invested outside the country.

The key professional at the firm is Jesse B. Brown, portfolio manager, with 12 years of experience.

Lamaute Financial Group

4727 Wilshire Blvd., Suite 500, Los Angeles, Calif. 90010; (213) 930-2208

Lamaute Financial Group Inc., founded in 1985, offers real estate advisory services.

The firm has a joint venture with Radisson Hotels International to advise institutional clients on distressed hospitality assets. The firm assists clients with loan workouts.

Daniel Lamaute, principal, has 14 years experience.

Lara, Luchsinger & Dietze

8000 Towers Crescent Drive, Suite 260, Vienna, Va. 22182; (703) 827-2306

Lara, Luchsinger & Dietze Ltd., founded in 1991, offers investment management.

It has $43.4 million under management in fixed-income accounts.

The active fixed-income strategy capitalizes on the firm's extensive experience with U.S. Treasury STRIPS to capture major gains in price movements through rigid adherence to its proven buy/sell disciplines. The firm invests in U.S. government and agency-backed adjustable rate instruments as a surrogate for cash.

The firm is affiliated with Lara, Millard & Associates.

Key professionals at the firm, and their years of experience, are Patrice C. Lara, president, 6 years; E. Ronald Lara, executive vice president, 21 years; Jory Luchsinger, vice president, 21 years; and Holger Dietze, principal, 10 years.

WR Lazard & Co.

14 Wall St., New York, N.Y. 10005; (212) 406-2700

WR Lazard & Co., founded in 1985, offers investment management, investment banking and brokerage services.

It has $2.034 billion under management in equity and fixed-income accounts. The active equity strategy is growth oriented, using bottom-up analysis. It offers both active and passive fixed-income strategies.

The firm's investment approach is conservative, combining quantitative and fundamental analysis with the primary goal being the maximization of return consistent with preservation of capital.

The firm has expertise in investment banking and underwriting. It works with state and local governments to facilitate the issuance of debt securities.

Key professionals at the firm, and their years of experience, are Wardell R. Lazard, chairman, 17 years; Frankie D. Hughes, director of asset management, 13 years; and William J. Schultz, fixed-income manager, 5 years.

R.M. Leary & Co.

3300 E. First Ave., Suite 290, Denver, Colo. 80206; (303) 320-1063

R.M. Leary & Co., founded in 1978, offers investment management.

It has $43.5 million under management in equity and fixed-income accounts. The equity strategy is based on growth and emerging growth, using a minimum stop-loss to reduce risk and increase return. The fixed-income strategy is based on interest rate anticipation.

The firm takes 100% invested position in either an aggressive stock, bond or money market mutual fund. A non-judgmental, mathematical strategy is applied to the net asset value of each stock and bond fund traded.

Key professionals at the firm, and their years of experience, are Kate Leary Lee, president, 12 years; Carolyn O. Mertens, vice president, 4 years; and Sue Leary, vice president, 2 years.

Lee Asset Management Co.

200 S. 333rd St., Suite 109, Federal Way, Wash. 98003; (206) 838-1026

Lee Asset Management Co., founded in 1989, offers investment management.

It has $40 million under management in equity and fixed-income accounts. The active equity strategy is value-oriented using a bottom-up approach. The passive fixed-income strategy uses interest rate anticipation.

The firm's investment approach is fundamentally oriented, combining price target disciplines and market trends. The equity strategy invests in national names, but also has a strong focus on companies in the West and Northwest.

Key professionals at the firm, and their years of experience, are Laura E. Lee, president, 14 years; Carol M. Angvall, vice president, 20 years; David M. Friedman, vice president, 10 years; and Norman C. Ong, portfolio manager/analyst, 13 years.

Lefcourt Financial Group

2200 Sandhill Road, Menlo Park, Calif. 94025; (415) 854-1255

Lefcourt Financial Group Inc., founded in 1979, offers investment management.

It has $70 million under management in equity accounts. The active equity strategy invests in emerging growth and value stocks, using bottom-up analysis.

The firm's investment approach is to maximize return by investing in undervalued businesses that have significant growth potential.

Key professionals at the firm, and their years of experience, are Carol Lefcourt, chairman, 20 years; Michael Golub, director, 25 years; Jonathan West, portfolio manager, 15 years; and Sandra Moneypenny, portfolio manager, 10 years.

Llama Asset Management

1 McIlroy Plaza, Suite 302, Fayetteville, Ark. 72701; (501) 444-4000

Llama Asset Management, founded in 1988, offers investment management.

It has $138 million under management in fixed-income accounts.

The active fixed-income strategy is value-oriented, using uses sector rotation and top-down analysis. The firm operates in the intermediate area of yield curve, striving for the highest risk-adjusted return while protecting against downside risk.

Key professionals at the firm, and their years of experience, are Alice Walton, president, 18 years; Charles Lanphier, managing director-marketing, 34 years; and Diane E. Gale, managing director-portfolio manager, 10 years.

LM Capital Management Inc.

5560 La Jolla Blvd., Suite E, La Jolla, Calif. 92037; (619) 459-8965

LM Capital Management Inc., founded in 1988, offers investment management.

It has $181 million under management in global fixed-income accounts.

The fixed-income strategy is based on interest rate anticipation, using a global approach to both domestic and international investments. The firm focuses on the supply and demand for money.

Key professionals at the firm, and their years of experience, are Luis Maizel, chief strategist, 7 years; John Chalker, client relations/trader, 11 years; Tobias Gorodzinsky, research analyst, 4 years; Mario Modiano, portfolio manager, 4 years; and Lawrence Cisneros, marketing, 7 years.

MacFarlane Realty Advisors

2150 River Plaza Drive, Suite 255, Sacramento, Calif. 95833; (916) 568-2600

MacFarlane Realty Advisors Inc., founded in 1987, offers real estate advisory services.

It has $860 million under management in real estate using an income strategy.

The firm's investment approach focuses on three key components: a top-down analysis of economic factors that impact real estate and a bottom-up analysis of the real estate markets; a focus on current and short-term yields; portfolio, asset and property mangement.

The firm has expertise in acquisitions, asset management and dispositions, as well as problem management advisory services.

Key professionals at the firm, and their years of experience, are Victor B. MacFarlane, managing principal, 13 years; Pat Holder, principal, 15 years; Bruce Woodward, principal, 22 years; Rick S. Lassiter, principal, 14 years; Peter Kudla, principal, 14 years; Kreg Rowe, principal, 16 years; Pat Reilly, principal, 9 years; Sylvia Missirlian, senior vice president, 15 years; and Tom Klugherz, vice president, 6 years.

The Marshall Plan

31 Milk St., 4th Floor, Boston, Mass. 02109; (617) 482-4640

The Marshall Plan, founded in 1989, offers investment management.

It has $65 million under management in equity accounts. The equity strategy is active growth, emerging growth and occasional rotation among market segments investing in value styles.

The firm's investment approach combines quantitative systems with a disciplined strategy. The firm adds value by using segment selection, investing in better performing market segments; stock selection, using specific models to select stocks within each segment; and implementation, employing innovative trading techniques to minimize costs.

Key professionals at the firm, and their years of experience, are Greta Marshall, principal and chief investment officer, 31 years; Kimberly Ratcliffe, director of research, 6 years; and Linda Frank, director of trading, 6 years.

Minority Equity Trust

c/o Tremont Partners Inc., 30 Pine St., New Canaan, Conn. 06840; (203) 966-4074

Minority Equity Trust, a fund started in 1990, offers investment management.

It has $178 million under management in equity accounts. The equity strategy is active.

The fund is a commingled equity fund using nine investment management firms, all of which are owned and operated by minorities or women.

Bankers Trust Co. is trustee of the fund, responsible for custody, administration and operations.

Key professionals at the firm, and their years of experience, are Sandra Manzke, president, 22 years; Suzanne Hammond, consultant, 16 years; and Catherine G. Sweeney, consultant, 15 years.

Morgen Capital Management

120 S. Sixth St., Suite 1901, Minneapolis, Minn. 55402; (612) 375-1875

Morgen Capital Management Inc., founded in 1991, offers investment management and investment management consulting.

It has $6 million under management in equity accounts.

The firm emphasizes long-term capital appreciation through investment in high-quality growth stocks and U.S. Treasury and agency obligations. Valuation and quality screens are used to identify quality growth stocks. Issues are sold if they become overvalued or if earnings or other fundamentals deteriorate.

The firm also offers a valuation service designed to provide independent investment professionals with a core list of undervalued stocks to which they can apply their own analytical and portfolio management techniques in building portfolios.

Key professionals, and their years of experience, are Thomas G. Grace, chief investment officer, 28 years; Rodney B. Hare, business development, 13 years; and Joseph O. Tankersley, portfolio manager, 12 years.

Mosa Capital Management

3 Moonshadow, Irvine, Calif. 92715; (714) 854-8792

Mosa Capital Management Inc., founded in 1989, offers investment management.

It has $10 million under management in equity, fixed-income and hedged options accounts. The active equity strategy uses a bottom-up approach, investing in both emerging growth and value stocks. The fixed-income strategy is active, using interest rate anticipation and Treasury notes. The firm uses fundamental and technical analysis, seeking low debt and a good profit history. The base of the bottom-up approach is debt.

Key professionals at the firm, and their years of experience, are Ram Vazirani, president and chief investment officer, 25 years; and Vasanti Vazirani, vice president, 3 years.

MRW Capital Management

1999 Harrison St., Suite 1440, Oakland, Calif. 94612; (510) 273-8540

MRW Capital Management Inc., founded in 1991, offers investment management services.

The firm is investment adviser to The Power Fund, a limited partnership formed to make project-financed investments in power and power-related industries.

The firm has expertise in credit review, loan documentation and deal negotiation, and has extensive experience with leveraged buy-outs and private placements.

The firm is affiliated with MRW Power Partners.

Key professionals, and their years of experience, are Susan Stratton Morse, president, 18 years; Meg Meal, vice president, 4 years; Robert B. Weisenmiller, managing director, 18 years; and Dan Richard, managing director, 15 years.

NCM Capital Management Group Inc.

2 Mutual Plaza, 501 Willard St., Durham, N.C. 27701; (919) 688-0620

NCM Capital Management Group Inc., founded in 1986, offers investment management.

It has $1.2 billion under management in equity and fixed-income accounts.

The firm's investment approach for equities is disciplined and value-oriented. In fixed income, portfolios are kept invested in high-quality securities, and managed within each client's objectives and risk parameters. Balanced accounts are managed toward a relative static asset allocation theat reflects the client's return and volatility expectations.

The firm is a wholly owned subsidiary of Sloan Financial Group.

Key professionals at the firm, and their years of experience, are M.K. Sloan, chairman, president and chief executive officer, 16 years; Cicero Green Jr., senior vice president and chief operating officer, 36 years; Isaac Green, director of research and vice president, 7 years; Clifford Mpare, vice president, 6 years; Susan Ingram, vice president, 6 years; and Quinton Christophe, vice president, 15 years.

Newgate Management Associates

314 W. 78th St., New York, N.Y. 10024; (212) 496-2443

Newgate Management Associates, founded in 1982, offers investment management.

It has $115 million under management in equity and fixed-income accounts, with a focus on emerging markets.

The firm manages global equity, balanced and fixed-income portfolios using closed-end funds. The universe is composed of more than 700 closed-end funds listed on the London and North American stock exchanges. Investment decisions are based on fund performance, volatility, discount from net asset value and geographic distribution.

Key professionals, and their years of experience, are Sonia Rosenbaum, partner, 12 years; and George Foot, partner, 17 years.

ORO Financial Inc.

4037 Tulane Ave., Suite 100, New Orleans, La. 70119; (504) 482-4116

ORO Financial Inc., founded in 1987, offers brokerage and investment banking services.

The key professional at the firm is Miguel Una, president and chief executive officer, with 30 years of experience.

Potomac Investment Co.

1331 H St. N.W., Suite 300, Washington, D.C. 20005; (202) 638-0902

Potomac Investment Co., founded in 1983, offers investment management and brokerage services.

It has $20 million under management in equity and fixed-income accounts. The equity strategy is value-oriented, top-down and sector rotational. The fixed-income strategy is active and top-down. The firm's investment objective is to produce superior returns over a market cycle while employing methods that stress the avoidance of risk.

As a broker/dealer, the firm has expertise in fixed-income and equity trades for institutional investors.

The firm is affiliated with WFG Investment Management.

Carol Greenwald, president, has 9 years of experience.

Precision Asset Management

1299 Ocean Ave., Suite 105, Santa Monica, Calif. 90401; (310) 394-5756

Precision Asset Management, founded in 1989, offers investment management.

It has $11 million under management in equity and fixed-income accounts. The equity strategy is quantitative, focusing on fundamentals and emphasizing earnings-per-share acceleration. The fixed-income strategy is active using quantitative evaluation of the yield curve, inflation, maturities and sector returns.

The firm's selection process evaluates about 200 companies based on fundamental trends: profit growth profitability, earnings surprise, earnings revisions and valuation.

The firm is affiliated with Renaissance Investment Management Inc.

Key professionals at the firm, and their years of experience, are Joe E. Ransom, president and chief executive officer, 19 years; Deborah J. Smith, vice president-client services; 6 years; Darrell R. Williams, vice president-client services, 7 years, and Edward D. Shanklin Jr., assistant vice president and research assistant, 2 years.

Progress Investment Management Co.

71 Stevenson St., Suite 1430, San Francisco, Calif. 94105; (415) 512-3480

Progress Investment Management Co., founded in 1990, offers investment management.

It has $355 million under management in equity and fixed-income accounts.

The firm specializes in structuring and managing emerging minority/woman manager funds. As a manager of managers, the firm is currently responsible for managing the progress trusts, which consist of an equity and fixed-income fund, employing several investment styles. It also manages two separate accounts implementing a more customized approach.

Key professionals and their years of experience are: Edwin C. Callan, chairman, 25 years; Marx L. Cazenave, president and chief executive officer, 10 years; Thurman White, chief operating officer, 1 year; Clayton C. Jue, senior vice president, 3 years; and Stanley P. Francois, vice president, 1 year.

Pryor, McClendon, Counts

1360 Peachtree St. N.E., Suite 880, Atlanta, Ga. 30309; (404) 875-2161

Pryor, McClendon, Counts & Co. Inc., founded in 1981, offers investment banking, investment management and brokerage services.

The firm has $105 million under management. The equity accounts, which focuses on earnings momentum, stability and relative strength, are managed by the firm's Wedgewood Equities Inc. subsidiary. The fixed-income portfolios, which use a duration approach, are run by the firm's Wedgewood Capital Management unit.

The firm has expertise in investment banking and brokerage.

Key professionals at the firm, and their years of experience, are Malcolm D. Pryor, chairman, 20 years; Raymond J. McClendon, vice chairman, 18 years; Allen W. Counts, president, 20 years; William Astrop, director, 30 years; Darryl Dennis, director, 10 years; Evan T. Booker, senior vice president, 8 years; and Michael L. Lucas, portfolio manager and vice president, 9 years.

V.A. Reid & Associates

8 E. Hamilton St., Baltimore, Md. 21202; (410) 332-0893

V.A. Reid & Associates, founded in 1987, offers investment management.

It has $102 million under management in fixed-income accounts. The fixed-income strategy is active and top-down, maintaining a high degree of principal stability and a steady stream of current income. The goal is to outperform a predetermined benchmark through the use of appropriate maturity and industry selections, superior credit analysis and trading expertise.

The firm has expertise in investment of quasi-bond and money market portfolios.

Key professionals and their years of experience are: Vernon A. Reid Jr., principal, 14 years; and Deborah L. Stallings, vice president, 13 years.

Reinoso Asset Management

30 Broad St., New York, N.Y. 10004; (212) 344-3646

Reinoso Asset Management, founded in 1990, offers investment management.

It has $83 million under management in equity accounts. The strategy is bottom-up stock selection based on fundamental analysis and comparative value labels as well as size generalizations. The firm buys when long-term fundamentals are strong and the price is a value compared to the quality and cyclicality of the company. It aims for up to 40 stocks of medium and large capitalization.

Key professionals at the firm and their years of experience are: Edward J. Reinoso, chairman, 22 years; Ernest N. Mysogland, president and chief investment officer, 25 years; Stephen Kovacs, vice chairman, 40 years; and Jon K. Cartwright, senior vice president, 11 years.

RhumbLine Advisers

30 Rowes Wharf, Suite 350, Boston, Mass. 02110; (617) 345-0434

RhumbLine Advisers, founded in 1990, offers investment management.

It has $153 million under management in equity accounts. The firm's investment approach is quantitative in nature and replicates the commonly accepted indexes used to track both the domestic and international markets. It also offers enhanced hedging products.

Key professionals, and their years of experience, are J.D. Nelson, chief executive officer and managing director, 12 years; Ronald A. Golz, managing

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February 24, 1992 marked our 60th Anniversary of providing continuous professional investment counsel to individual and institutional investors.

Brundage, Story and Rose
INVESTMENT COUNSEL
SINCE 1932
ONE BROADWAY, NEW YORK, N.Y 10004 (212) 269-3050

director, 15 years; Wayne T. Owen, director of marketing, 12 years; John A. Denney, director of investments, 10 years; and Bing Sung, chief investment officer, 18 years.

San Juan Management Inc.
16521 Grunlow Road, Suite 304,
Huntington Beach, Calif. 92649;
(714) 840-0220

San Juan Management Inc., founded in 1989, offers brokerage and domestic and international institutional equity research.

The firm has expertise in institutional equity research and institutional execution capabilities.

Key professionals, and their years of experience, are John Lopez, chief investment officer, 15 years; and James Boothe, investment officer, 12 years.

Sauceda & Granville Securities Inc.
1515 S. Tejon St., Suite 201, Colorado
Springs, Colo. 80906; (719)
633-8770

Sauceda & Granville Securities Inc., founded in 1990, offers brokerage services.

The firm is a full service broker dealer. It has expertise in timely execution of domestic and international equities, fixed-income, mutual funds, life and variable insurance products and real estate investment trusts.

Key professionals at the firm, and their years of experience, are: Martha Weimar Granville, 20 years; Marcus Weimar Granville, board of directors, 6 years; Benito Sauceda III, president, 6 years; and Richard Albert Litzman, principal-financial operations, 6 years.

Muriel Siebert & Co. Inc.
444 Madison Ave., Suite 205, New
York, N.Y. 10022; (212) 644-2400

Muriel Siebert & Co. Inc., founded in 1967, offers investment banking, brokerage and underwriting.

The firm provides institutional equity trading services, including executions at discounted commission rates and soft dollar arrangements. It underwrites various taxable and non-taxable securities including equities, municipals, government agency and mortgage-backed debt. The firm also trades equities and fixed-income securities on the secondary market.

Key professionals at the firm, and their years of experience, are Muriel Siebert, president and chairperson, 30 years; Curtis Harris, investment banking, 7 years; Lynnelle Jones, mortgage-backed sales, 10 years; Richard Bieber, institutional equity trading, 10 years; and Ameen Esmail, marketing, 10 years.

Sit Investment Associates
4600 Norwest Center, 90 S. Seventh
St., Minneapolis, Minn. 55402; (612)
332-3223

Sit Investment Associates Inc., founded in 1981, offers investment management.

It has $4.372 billion under management in equity and fixed-income accounts. The equity strategy is active for both domestic and international markets. It is top-down and bottom-up, using sector rotation, emerging growth and growth styles. The fixed-income strategy is active, using interest rate anticipation and stable returns styles.

The firm sponsors and manges Sit "New Beginnings" Mutual Funds. It is a joint partner in Sit/Kim International Investment Associates.

Key professionals at the firm, and their years of experience, are Eugene C. Sit, president, 29 years; Peter L. Mitchelson, executive vice president, 23 years; and Michael C. Brilley, vice president, 23 years.

Sit/Kim International Investment Associates Inc.
4600 Norwest Center, 90 S. Seventh
St., Minneapolis, Minn. 55402; (612)
332-3223

Sit/Kim International Investment Associates Inc., founded in 1989, offers investment management services.

It has $145 million under management in international equity accounts.

The firm is a thematic growth investor, searching for above-average growth by interpreting geopolitical trends and evaluating longer term investment implications.

The firm is majority owned by Sit Investment Associates Inc.

Key professionals at the firm and their years of experience are Andrew B. Kim, president and chief investment officer, 27 years; Eugene C. Sit, chairman-U.S. investments, 29 years; Peter L. Mitchelson, executive vice president-Canada, 22 years; Charles S. Roberts, vice president-Europe/Latin America, 20 years; and Richard S. Yeung, vice president-Asia Pacific, 21 years; Peter S. Yeh, trader and analyst, 3 years; and Barbara Mascarelli, analyst-Europe, 5 years.

Sloate, Weisman, Bear, Stearns Capital Management Inc.
245 Park Ave., New York, N.Y. 10167;
(212) 310-0800/272-3188

Sloate, Weisman, Bear, Stearns Capital Management Inc., founded in 1992, offers investment management.

The firm offers equity and fixed-income management. The equity strategy is active, using a bottom-up approach with emerging growth and value stocks. The fixed-income strategy is active and value-oriented.

The firm is majority owned by Sloate, Weisman, Murray & Co. Inc., with minority ownership by Bear Stearns Cos. Inc.

Key professionals at the firm and their years of experience are Laura J. Sloate, president, 23 years; and Carol Bellamy, chairman, 7 years.

Smith, Graham & Co.
3 Allen Center, 333 Clay St., Suite
4470; Houston, Texas 77002; (713)
739-1113

Smith, Graham & Co., founded in 1990, offers investment management.

It has $103 million under management in fixed-income accounts.

The strategy is active and sector rotational, using the highest quality domestic securities. The firm uses quantitative analysis to determine the appropriate market cycle and sector weighting.

Key professionals at the firm, and their years of experience, are Gerald B. Smith, chief executive officer, 17 years; Ladell Graham, president and chief investment officer, 8 years; and Jamie G. House, senior vice president, 8 years.

Smith, Townsend & Associates Ltd.
209 S. LaSalle St., Chicago, Ill. 60604;
(312) 464-7322

Smith, Townsend & Associates Ltd. offers brokerage and investment management consulting.

The firm has expertise in futures, commodities and foreign exchange trading. In foreign exchange it offers: direct dealer-desk access to the interbank market, 24-hour trading with a toll-free number, daily technical research and market makers in overnight and forward contracts.

Rosenthal-Collins Group is the guarantor and correspondent clearing firm for brokerage activities.

Key professionals at the firm and their years of experience are principals Mark S. Smith, 10 years, and Luke Townsend, 11 years.

Solon Asset Management
1000 Main St., New Rochelle, N.Y.
10801; (914) 576-5802

Solon Asset Management Corp., founded in 1990, offers investment management.

It has $150 million under management in active fixed-income accounts. The firm focuses on mortgage- and asset-backed securities, using a top-down, value-oriented approach.

The firm also offers consulting on asset-liability management, mortgage- and asset-backed security analysis and analytics systems.

Key professionals at the firm, and their years of experience, are Deborah Hicks Midanek, chief executive officer, 12 years; and James I. Midanek, chief investment officer, 12 years.

Sound Capital Inc.
1212 E. Newton St., Seattle, Wash.
98102; (206) 328-9251

Sound Capital Inc., founded in 1992, offers investment management, investment banking and investment management consulting.

The firm offers an active, quantitative fixed-income approach. It invests in Aaa rated U.S. government and mortgage-backed securities that are selected using a portfolio optimization technique. Hedging is used when appropriate.

The firm provides investment banking services in structuring financings for multifamily projects, and consulting services to municipal entities in maximizing investment of bond proceeds.

The firm is a joint venture between Sound Finance Group Inc. and Eastbridge Capital Inc.

Key professionals at the firm, and their years of experience, are Paul DeRosa, director-investment management committee, 20 years; Laurie Goodman, portfolio manager, 12 years; Winifred Whitfield, managing director-marketing, 5 years; and Joan Egan, managing director-marketing and consulting, 12 years.

Sturdivant & Co. Inc.
130 N. Broadway, Suite 1007,
Camden, N.J. 08102; (609)
365-8884

Sturdivant & Co. Inc., founded in 1988, offers investment management and brokerage services.

It has $85 million under management in domestic equity accounts.

The equity strategy is bottom up and value based. It uses arbitrage pricing theory to value companies, establish asset allocations, weights and tilts.

The firm seeks to provide brokerage clients with rapid stock execution while consistently achieving high levels of accuracy and timeliness. Its primary clearing relationship is with Bear Stearns Inc., but the firm uses multiple relationships.

Key professionals at the firm and their years of experience are Ralph A. Sturdivant, chairman, 17 years; Albert A. Sturdivant, president, 18 years; Managing Directors Lorraine M. Howard, 19 years; Bufus Outlaw Jr., 8 years; and Harvey R. deKrafft, 8 years; Robert P. Dainesi, vice president, 8 years; Janis L. Holloway, vice president, 3 years; and Albert E. Voorhees, assistant vice president, 2 years.

Taplin, Canida & Habacht
1001 S. Bayshore Drive, Suite 2100,
Miami, Fla. 33131; (305) 379-2100

Taplin, Canida & Habacht, founded in 1985, offers investment management.

It has $350 million under management in domestic equity and fixed-income accounts. The equity strategy is active, bottom-up and value-oriented, using a blend of quantitative analysis and qualitative research to find stocks undervalued on an earnings and/or asset valuation basis. The fixed-income strategy uses interest rate anticipation, emphasizing high-quality, intermediate maturities.

Key professionals at the firm, and their years of experience, are Tere Alvarez Canida, president, 15 years; Alan M. Habacht, principal, 23 years; and William J. Canida, principal, 17 years.

TIS Asset Management Inc.
655 Montogomery St., Suite 800, San
Francisco, Calif. 94111; (415)
393-8000

TIS Asset Management Inc., founded in 1984, offers investment management.

It has $150 million under management in fixed-income accounts. The investment strategy is active, top-down and value-oriented, using mortgage-backed securities and derivatives.

Key professionals at the firm, and their years of experience, are Patricia Howe Ellison, chairman, 30 years; Lorraine O. Legg, president and chief executive officer, 28 years; and John E. Castello, chief investment officer, 17 years.

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United Capital Group
141 W. Jackson Blvd., Suite 1800A,
Chicago, Ill. 60604; (312) 341-7824

United Capital Group, founded in 1990, offers investment management and brokerage services.

Equity management uses market neutral strategies using derivative products. The fixed-income strategy is active, using domestic short-term funds.

The firm has expertise in equity, debt and futures brokerage on all domestic markets on either a hard- or soft-dollar basis. Investment management consulting is offered on short-term cash management strategies and operations for public agencies and pension plans.

The firm consists of United Capital Group Inc., United Capital Futures Inc., United Capital Asset Management Inc. and United Capital Cash Management Inc. United Capital Cash Management has established a joint venture with Brenner Securities Corp.

Key professionals, and their years of experience, are: J.P. Milili, president, 12 years; Eugene Sawyer, executive vice president, 21 years; William Watts, executive vice president, 7 years; Nolan Cheng, chief operating officer, 15 years; Powell Cabot, managing director; David A. Rose, executive vice president, 29 years; Harry C. Bailey, executive vice president, 13 years; Patricia Downs, vice president, 16 years.

United Daniels Securities
170 Broadway, New York, N.Y. 10038;
(212) 227-7723

United Daniels Securities Inc., founded in 1984, offers investment banking and brokerage services and small-cap equity research. An investment management firm will be started in June.

The firm has expertise in small-cap and proxy research, municipal financing, government and agency securities, and equity execution.

Key professionals at the firm and their years of experience are Willie L. Daniels, president, 31 years; and Derek Washington, senior vice president, 8 years.

Valenzuela Capital Management Inc.
14 Wall St., 18th Floor, New York,
N.Y. 10005; (212) 227-3590

Valenzuela Capital Management Inc., founded in 1989, offers investment management.

It has $157 million under management in domestic equity accounts. The equity strategy emphasizes growth stocks. The firm looks for companies undergoing strong rates of change in earnings, cash flow and returns. The portfolios emphasize but are not limited to companies with market capitalizations of less than $2 billion.

Key professionals at the firm and their years of experience are Thomas M. Valenzuela, president, 13 years; and Marko O. Gordon, vice president, 7 years.

ValueQuest Ltd.
Roundy's Hill, Marblehead, Mass.
01945; (617) 631-5508

ValueQuest Ltd., founded in 1982, offers investment management.

It has $414 million under management in equity accounts. The equity strategy is active, seeking value through a contrarian, bottom-up approach. The firm concentrates on the most inefficiently priced quintile of the market, in terms of undervalued earnings, assets and quality. Focus is upon intrinsic value, using quantitative tools and fundamental analysis.

Key professionals at the firm, and their years of experience, are Katherine Busboom Magrath, partner and chief investment officer, 29 years; Terrence B. Magrath, partner and chief executive officer, 23 years; John C. Moore Jr., senior investment professional, 27 years; Lawrence G. Franko, associate and senior investment professional, 19 years; Edward A. Gray, investment professional, 5 years; and Nancy L. Sexton, investment professional, 7 years.

Vismale & Associates
70 Fairlie St., Suite 520, Atlanta, Ga.
30303; (404) 420-9497

Vismale & Associates, founded in 1990, offers investment banking, brokerage and investment management consulting services.

The firm markets financial services of minority and emerging brokerage firms, minority and majority investment banking firms (public finance), and minority and majority investment management firms. It provides research, software and consulting services in conjunction with majority firms. It has expertise in real estate portfolio modeling, economically targeted investing and minority vendor program development.

Key professionals at the firm and their years of service are Calvin F. Vismale Jr., president, 6 years; and John Williams, director of research, 12 years.

Vydex Management Group
125 Worth Ave., Palm Beach, Fla.
33480; (407) 659-3288

Vydex Management Group Inc., founded in 1981, offers investment management, brokerage and investment management consulting.

It has $12 million under management in equity and fixed-income accounts. The equity strategy is value-oriented and bottom-up. The fixed-income strategy is active.

The firm has expertise in monitoring and analyzing the performance and investment strategy of portfolio managers. Its brokerage services include trading in domestic and foreign equity and fixed-income securities.

Key professionals at the firm, and their years of experience, are Pearlena Wallace, president, 11 years; and Sharon G. King, senior manager, 8 years.

Wall Street Investment Corp.
1275 K St. N.W., Suite 1000,
Washington, D.C. 20005; (202)
289-3220

Wall Street Investment Corp., founded in 1981, offers investment banking and brokerage.

The firm is an investment banking concern, general securities broker/dealer and underwriter. Transactions are cleared through a NYSE member firm.

Key professionals at the firm, and their years of experience, are B.E. Bayus, senior vice president-compliance, 20 years; R.A. Boytano, vice president-municipals, 30 years; C.H. Dittbrenner, senior vice president-wholesale, 20 years; D.W. Hall, vice president-municipals, 20 years; V.C. Knight, vice president-corporate finance, 15 years; G.H. Starke Jr., president, 20 years; and R.E. Toolan, senior vice president-general securities, 30 years.

Ward/M&C Asset Management Inc.
3910 Georgia-Pacific Center, 133
Peachtree St. N.E., Atlanta, Ga.
30303; (404) 524-3900

Ward/M&C Asset Management Inc., founded in 1989, offers investment management.

It has $24 million under management in domestic equity and fixed-income accounts. The equity strategy uses a top-down approach for asset allocation, growth and bottom-up for the investment process. The fixed-income strategy is active and uses sector rotation, interest rate anticipation and duration/sector selection management.

The firm is affiliated with Ward and Associates Inc.

Key professionals at the firm and their years of experience are Felker W. Ward, chairman and chief executive officer, 6 years; Solon P. Patterson, vice chairman, 33 years; Dave Seng, president, 26 years; and Charles J. Johnson, executive vice president, 2 years.

Washington Hackett, Smith
147 Carondelet St., Suite 1125, New
Orleans, La. 70130; (504) 865-1118

Washington Hackett, Smith & Co., founded in 1988, offers investment management consulting.

The firm's has expertise in evaluating new firms and determining their viability based on the verifiable track records of their principals.

The firm offers minority- and women-owned investment manager evaluation and selection, implementation of minority and local manager farm teams, planning and implementation of affirmative action policies and legislation with regard to investment management.

Key professionals at the firm, and their years of experience, are Christian M. Washington, principal, 9 years; and Toni Hackett Antrum, principal, 10 years.

Wedgewood Capital Management Inc.
1350 I St. NW, Suite 830, Washington,
D.C., 20005; (202) 408-1550

Wedgewood Capital Management Inc., founded in 1987, offers investment management.

It has $100 million under management in domestic fixed-income accounts.

The firm combines sector rotation and duration shifts with highly advanced technological capabilities. Its approach hinges on the development of customized strategies designed to meet client objectives.

Key professionals at the firm and their years of experience are Raymond J. McClendon, chairman, 16 years; Allen W. Counts, vice chairman, 18 years; Malcolmn D. Pryor, president, 18 years; Daryl C. Dennis, chief investment officer, 6.5 years; Clarissa E. Parker, assistant portfolio manager, 5.5 years; and Danna Maller, director of marketing, 1 year.

Wedgewood Equities
1360 Peachtree St. N.E., Suite 881,
Atlanta, Ga. 30309; (800) 989-3343

Wedgewood Equities, founded in 1991, offers investment management.

The equity strategy is eclectic, with special focus on growth, earnings momentum and stability. It features three domestic portfolio services, concentrating on large-cap, emerging companies, and growth regardless of market capitalization.

The firm is affiliated with Pryor, McClendon, Counts Holding Co.

Key professionals, and their years of experience, are William B. Astrop, chief investment officer, 20 years; and Michael L. Lucas, assistant portfolio manager, 10 years.

Westwood Management
300 Crescent Court, Suite 1110,
Dallas, Texas 75201; (214)
871-6970

Westwood Management Corp., founded in 1983, offers investment management.

It has $1 billion under management in equity, fixed-income and mutual fund accounts.

The firm is risk conscious, using a top-down sector rotation methodology. It stresses principal preservation in four distinct product offerings: defensive equity, balanced, fixed income and fully invested equity. It offers separate accounts, customized index funds and a family of mutual funds.

Key professionals at the firm, and their years of experience, are Susan M. Byrne, president and chief executive officer, 21 years; David W. Jennings, executive vice president, 21 years; Francine J. Bovich, senior vice president, 19 years; and Patricia R. Fraze and Charles E. Gaecke, both vice presidents with 21 years.

Whitehorne & Co. Ltd.

445 Park Ave., New York, N.Y. 10022;
(212) 755-5400

Whitehorne & Co. Ltd., founded in 1991, offers investment banking and brokerage.

The firm is a full-service securities firm serving institutional clients. It is licensed to deal in any publicly registered or privately placed security, including options, warrants, futures and emerging market products.

Broadcort Capital Corp. is the clearing agent.

Key professionals at the firm and their years of experience are Leila C. Jenkins, president, 17 years; Michael D. Walraven, vice president and head trader, 18 years; Ann M. Ginsburg, vice president and international economist, 5 years; and Carol L. Zatorski, assistant trader, 5 years.

Willowbridge Associates Inc.

315 Enterprise Drive, Suite 102,
Plainsboro, N.J. 08536; (609)
936-2615

Willowbridge Associates Inc., founded in 1988, offers investment management.

It has $120 million under management in currency overlay and futures and options accounts.

The firm has expertise in quantitative research on currencies and derivatives, development of expert systems to trade global currencies, commodities and ontions, and trade execution. It offers a diversified managed futures investment program.

Key professionals, and their years of experience, are Michael Y. Gan, chief executive and president, 10 years; James O'Donnell, director of research, 11 years; and Theresa Morris, director of marketing, 11 years.

WILMOCO Capital Management

400 Monroe St., Suite 400, Detroit,
Mich. 48226; (313) 963-1340

WILMOCO Capital Management, founded in 1990, offers investment management.

It has $16 million under management in equity and fixed-income accounts. The equity strategy is value-oriented and bottom-up. The fixed-income strategy is passive.

The firm seeks stocks of high-quality, undervalued companies that are misunderstood or ignored by the market. For fixed-income, bonds are selected that offer adequate return and capital preservation.

Key professionals at the firm and their years of experience are Howard Morris, chief investment officer, 3 years; and Carl Smalls, vice president-investments, 3 years.

Denis Wong & Associates

1314 S. King St., Suite 1057,
Honolulu, Hawaii 96814; (808)
537-9931

Denis Wong & Associates Inc., founded in 1983, offers investment management.

It has $125 million under management in equity and balanced accounts. The equity strategy is active and bottom-up, focusing on value and growth. The fixed-income strategy is passive using laddered maturities.

Key professionals, and their years of experience, are Denis Y. Wong, president and chief investment officer, 33 years; Andrew T.F. Ing, chairman of the board, 46 years; and Brian H. Morikuni, vice president, 8 years; and John Roberts, senior equity analyst, 5 years.

Woodford Capital Management Inc.

535 Fifth Ave., 17th Floor, New York,
N.Y. 10017; (212) 599-1243

Woodford Capital Management Inc., founded in 1990, offers domestic equity investment management.

The firm is an active growth manager with portfolios structured based on a proprietary research system. Top-down analysis guides the investment strategy and asset allocation. Bottom-up fundamental perspectives determine final selection. It focuses on earnings growth and perception of emerging secular and cyclical trends.

Key professionals at the firm and their years of experience are Peggy Woodford Forbes, president and chief investment officer, 16 years; and Michael E.S. Gayed, director of research, 11 years.

Yaeger Securities Inc.

16633 Ventura Blvd., Suite 1220,
Encino, Calif. 91436; (818)
377-6300

Yaeger Securities Inc., founded in 1981, offers investment banking and brokerage.

The firm is a full-service, broker-dealer, providing institutional order execution, research and investment advisory services to investment managers. It has expertise in block equity ~~and fixed~~-income transactions on all domestic and global exchanges and in-house proprietary fundamental research.

Key professionals at the firm and their years of experience are Norma Yaeger, president and chief executive officer, 29 years; Judy D. Joseph, chief financial officer, 15 years; Robert Judson Smith, director-institutional fixed income, 23 years; Ray C. Baker, senior vice president-equity trading, 30 years; and Kathryn King, marketing director, 9 years.

Norman L. Yu & Co. Inc.

180 Newport Center Drive, Suite 180,
Newport Beach, Calif. 92660; (714)
720-8470

Norman L. Yu & Co. Inc., founded in 1969, offers investment management.

It has $150 million under management in domestic equities. The firm's bottom-up investment approach emphasizes stocks with outstanding growth potential that pass six hurdles: potential growth rate; quality of earnings; accelerating earnings momentum; price-earnings to quality relationship; technical position; and buying momentum.

Norman L. Yu, president, has 37 years of experience.

Zevenbergen Capital Inc.

2434 Two Union Square, 601 Union
St., Seattle, Wash. 98101; (206)
682-8469

Zevenbergen Capital Inc., founded in 1987, offers investment management services.

It has $185 million under management in domestic equity accounts. The equity strategy is an active, bottom-up one that employs growth and emerging

Continued on page 28

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- *Looking for the Union Label*
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- *Corporate Funds: How Minorities and Women Gain Access*
- *Marketing Nuggets: Prospecting for New Business*
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Baldt a powerful force at Morgan Grenfell

By Terry Williams

PHILADELPHIA — David Baldt is a soft-spoken man with small-town sensibilities. But his fixed-income performance speaks loudly, and his assets under management are big time.

Since July 1989, when he started Morgan Grenfell Capital Management Inc.'s fixed-income division, Mr. Baldt has brought in $1.8 billion. The division now has 24 clients, half of which came on board in 1991, according to Mr. Baldt.

The growth, he says, is "way beyond what I thought."

The reason so much money in so short a time has found Mr. Baldt is his performance. In each of the past seven years, he has surpassed the Salomon Brothers Broad Investment Grade Index.

Even Mr. Baldt's competitors privately acknowledge his success in both outperforming the indexes and taking prospective clients away from them.

As a believer in the efficient market hypothesis, Mr. Baldt has little regard for interest rate anticipation or credit risk analysis, yet he is steadfastly an active manager.

"We analyze each bond as a contract," Mr. Baldt said, describing his investment process. "We believe every contract can be evaluated so you can come up with a target yield for every bond.

"You start with the risk-free U.S. Treasury contract and then, based on traditional fundamental credit analysis, derive a target yield on each issue. The job then is comparing these intrinsic values with actual market yield levels. Where there is a difference, we want to exploit it.

"Our strength comes from being able to identify how those inefficiencies come about."

The inefficiencies result from a number of factors, including supply and demand movements, rigid investment parameters applied by investors and emotional reactions to events, according to Mr. Baldt.

He said one source of inefficiently priced bonds is government-guaranteed securities. Up to 70% of his portfolio is made up of such bonds; the balance is in Treasuries.

Mr. Baldt doesn't buy corporates. "We won't expose ourselves to the possibility of a leveraged buy-out. You can't pay us enough to do that."

Mr. Baldt's purchases include guaranteed trust certificates, bonds to develop housing for lower- and middle-income families and bonds that subsidize shipbuilding.

One security recently purchased was a General Services Administration Leased Revenue Bond for Burlington County, N.J. "Most fixed-income managers would say it's not a government agency bond," said Mr. Baldt. "You have to do a little more research work" in the bond indenture. . . . It doesn't look as gilt-edged as something that says U.S. Treasury note."

The Morgan Grenfell staff was comfortable the U.S. government would fulfill its lease obligations, thus the bond could be viewed as government agency debt. It also pays almost one full percentage point more than a plain U.S. Treasury note. "We think it's an inefficiency that people want to stick with the tried-and-true vanilla-type bonds when we can pick up more yield in what we believe to be a strong United States of America AAA credit," he said.

Although he is confident the securities fueling his strong returns will continue to be available, Mr. Baldt's competitors question whether he will continue to shine as his assets under management grow. The more money he has to put to work, they say, the tougher the job of maintaining such high performance.

One competitor — who grudgingly but sincerely praises Mr. Baldt — said as Mr. Baldt's assets under management increase, "he won't be able to find enough (bonds) to add value as in the past.

"He will start doing other things like interest-rate anticipation," said the manager, who asked to remain anonymous.

JONATHAN WILSON

David Baldt has brought in almost $2 billion to Morgan Grenfell since mid-1989.

"Sheer size will force him to do it, and that will bring him back to the average, or he'll keep pounding out 20-hour days."

Mr. Baldt said the question of whether he will continue to outperform is valid.

"The answer is one that time is going to prove," he said. "To this point, as we have grown over the years, I haven't yet run into size constraints.

"He's correct that I haven't run vast amounts for any long periods of time," Mr. Baldt said. "But my job is easier because the government is issuing so much debt. So that should help out."

Mr. Baldt believes limits to additional growth will be determined only by the number of portfolio managers that can be supervised effectively.

"I have in my mind that you can't grow beyond five portfolio managers. We have three at this point," he said.

Mr. Baldt's pension fund clients certainly aren't worried.

"Are you asking did we chase the market?" asked Henry T. Vry, executive secretary of the $164 million Grand Rapids (Mich.) Police/Fire Retirement System. "I don't think we did. If we had those concerns, a different decision would have been made," said Mr. Vry, whose fund has $32.7 million managed by Mr. Baldt.

"The more we work with (fixed income) it becomes obvious that the bond market is increasingly inefficient, and good managers will capitalize on this," he said.

The $19.3 billion Pennsylvania Public School Employes' Retirement System, Harrisburg, was an early client of Mr. Baldt's and now has about $200 million under his management. "I think there are enough instruments out there, and he will be able to continue to do it," said John Lane, chief investment officer for the Pennsylvania fund. "I haven't seen any falloff in performance."

Mr. Baldt's rise on the performance charts began when he was a portfolio manager with Delaware Trust of Wilmington, Del., where he worked for 16 years.

A small bank, Delaware Trust had an outsized trust department because of the presence of the du Pont family and its business. There, Mr. Baldt managed $1.9 billion in the same strategy he now uses at Morgan Grenfell.

But if it was at Delaware Trust that Mr. Baldt refined his strategy, the groundwork was laid earlier, as a research assistant with New York-based broker, Laird Inc..

"I started out working in the research department doing stock and bond yield studies for the director of research," Mr. Baldt said.

"I was in effect his statistician. I was lucky to be given a broad look at everything from the start, instead of being pigeonholed in a small area."

But two years of the New York grind was all the suburban Philadelphia native could handle.

In fact, before joining Morgan Grenfell, Mr. Baldt requested he be allowed to work in Philadelphia, although the firm is based in New York.

"How relaxing is it to sit in a tunnel under a river for an hour while the conductor tells you, 'We are having signal problems'? I wanted to save my energy for the job."

It was in New York where Mr. Baldt first began to challenge the basic tenets of fixed-income money management: the interest rate forecast.

Mr. Baldt clipped a survey of leading economists' predictions on interest-rate performance. He referred to it six months and one year later. "They were far from right."

"The (interest rates) are the primary tool, and it doesn't do the job. That told me you couldn't use that tool."

Mr. Baldt estimates most fixed-income managers spend at least two-thirds of their time forecasting interest rates.

"I had a CFA program which said interest rates reflect everything that's known about the world, and today's interest rate is correct based on today.

"The next move is based on the future and you can only guess on it," he said.

"So people are spending two-thirds of their time coming up with that.

"We aren't spending two-thirds of our day on something that's not going to add value." ■

Del Monte steps into new light

By Curtis Vosti

SAN FRANCISCO — Del Monte Foods Co., reborn in a 1990 leveraged buy-out, finally has forged a new identity for its $500 million in employee benefit assets from RJR Nabisco Inc.

Del Monte has been working to establish its own approach to managing its $260 million in defined benefit assets and $240 million in defined contribution assets.

The process neared completion with the January hiring of six bond and six equity managers to run the defined benefit assets and the decision to end its cloning of the RJR defined contribution plan. The process will be complete in April, when Del Monte will hire Merrill Lynch to provide mutual fund investment options for its 401(k) plan, according to Richard E. Forster, assistant treasurer for Del Monte.

Mr. Forster declined to reveal the defined benefit managers "until the dust has settled," probably in the second quarter. The bond managers have been funded immediately and the equity managers will be funded gradually through dollar cost averaging.

"Now that we're on our own, we'll be doing everything," he said. He conducted an in-house search for the managers using the data base of William M. Mercer Inc., which had done an asset liability study and had assisted in the valuation of the liabilities during the 1990 pension fund negotiations between Del Monte and RJR.

Del Monte has four defined benefit plans, two of which account for more than 99% of the assets. One of those, which is heavily driven by retiree liabilities, has a target of 20% equities, he said, while the other main plan, heavily composed of younger, active employees, will have a target mix of between 60% and 70% in equities. The overall target mix of the combined funds' assets will be 40% stocks and 60% bonds, Mr. Forster said.

The equity managers, all domestic, will include just a small portion of indexed assets, he said. International investments, small-capitalization stocks and high-yield bonds are likely candidates for future diversification.

While establishing the defined benefit plan was a complicated procedure, the defined contribution transfer was much easier because of the nature of participant accounting.

"That came across pretty easily," Mr. Forster said. Del Monte established a clone of the RJR plan, offering a GIC, general stock, growth stock and real estate fund.

The transfer of the two stock funds through The Vanguard Group Inc. and the real estate fund that invested in an Equitable Real Estate Investment Management Inc. fund was easy, he said. The transfer of the GIC fund, which held contracts from 12 issuers, was a little more complicated. The solution was to basically split each of the more than 24 contracts in two.

Once the defined contribution plan was established, Mr. Forster and consultants could work on hiring vendors. Merrill Lynch will be brought on board for two stock funds, he said. The GIC and realty funds will continue. Wachovia Bank will remain trustee. ■

Zevenbergen

Continued from page 27

growth stocks. The approach is based on the belief that earnings drive stock prices and quality protects. Portfolios are constructed with companies showing above-average earnings growth prospects and strong financials.

Key professionals at the firm and their years of experience are Nancy A. Zevenbergen, president, 11 years; and Linda C. Selegue, vice president, 18 years.

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Appeal

Continued from page 2

rency and couldn't distribute whole properties in lieu of cash if any of the pension funds objected to the withdrawal method. Eight of the 45 investors in Fund F did object.

In their appeal, bank lawyers said if the fund had to raise cash to meet withdrawal requests from 16 pension funds, the result would be a "fire sale" of some of the 60 properties in Fund F and new losses to the investors.

Bank lawyers also said investors warned them even more pension funds would try to withdraw from Fund F if First Chicago contemplated a fire sale that would hurt the fund financially.

Investors in Fund F include the pension funds of The Boeing Co., General Motors Corp., B P America Inc., Caterpillar Inc. and the Illinois Municipal Retirement Fund.

Despite the bank's warning about a possible fire sale, the appeals court justices said the bank may choose between selling in a depressed market or giving the pension funds fractional interests in each of the properties.

In the appeal, bank lawyers said fractional ownership would create an administrative nightmare in which administration costs would rise — worsening already poor performance — and make the properties even more difficult to sell.

Illinois Municipal is trying to withdraw the single largest amount from Fund F — $41 million. Illinois Municipal officials still are evaluating the appeals court decision, said Louis Kosiba, director of the legal department at the Illinois Municipal fund.

Mr. Kosiba said he believes the decision strengthens his fund's lawsuit against First National Bank of Chicago, First Chicago Investment Advisors and Brinson Partners Inc., Chicago. (First Chicago Investment Advisors is a wholly owned subsidiary of the bank that managed Fund F. Some key executives of FCIA left in 1989 to form Brinson Partners, which got management responsibility for Fund F that same year.)

"The bank never really litigated whether or not it had to make a redemption in one year, but that has been upheld by the courts also," Mr. Kosiba said.

Robert Herbert, an attorney for the bank, declined to comment on the proceedings.

The pension fund filed suit nine months after the bank failed to return within one year $41 million of the $67 million the municipal fund had invested in Fund F. The pension fund notified officials it wanted to withdraw its investment in Fund F on Nov. 22, 1988, but received only $26 million.

Illinois Municipal is asking for the return of its $41 million; more than $9.8 million in specified damages; unspecified losses of interest; and punitive damages. No trial date has been set.

Although not a defendant, the properties in Fund F are managed by JMB Institutional Realty Advisors, Chicago.

B P America's pension fund also has filed suit against the First National Bank of Chicago with the U.S. District Court in Cleveland. It is seeking the return of its $17 million investment in Fund F, lost principal and interest and punitive damages.

At a meeting in Chicago in January of many of the pension funds in Fund F, some pension executives suggested paying off small investors with $20 million of the $120 million in cash the fund now is holding. Larger investors then could reform the fund's rules, providing for an orderly liquidation of the fund's properties, some suggested.

But the pension funds haven't sent a formal proposal to the bank, said Kevin Lynch, a principal with the real estate consulting firm, The Townsend Group, Cleveland. Mr. Lynch represented some of the pension funds in the fund.

Trouble began for Fund F in the late 1980 when it started racking up poor performance numbers. The fund returned an annualized return of 6.3% for the 10 years ended Sept. 30 in Pensions & Investments' Performance Evaluation Report. The median was 9.1% for the same period.

Cash withdrawal requests from Fund F reached a high of $189 million in the spring of 1989, when the fund had $59 million in cash. ■

REITs

Continued from page 4

hold up to 25% of a publicly traded REIT. But funds that each hold at least a 10% stake still could not collectively together hold more than 50% of the REIT shares under the proposal. While U.S. pension funds could buy a larger than 10% interest in a privately held REIT, their investment would be subject to the UBIT. Funds with less than a 10% interest in the same REIT would continue to avoid the tax.

Some real estate experts would like Congress to go further. For one thing, they would like the distinction between private and public REITs eliminated.

"What we got in the House is an imperfect and flawed proposal," said Mark Decker, president, National Association of Real Estate Investment Trusts, Washington. The ownership restrictions still preclude pension funds, and large funds in particular, from investing meaningful capital into the trusts, Mr. Decker said.

"For the large pension funds with predominant dollars to invest, they've opened the door and just closed it. What we're saying is leave it open."

Mr. Decker said he is working with members of the Senate Finance Committee to raise the ownership threshold on private REITs to 25% and remove the 50% aggregate rule from public REIT investments.

The 50% aggregate rule restricts institutional investors to remaining minority owners.

Steve Wechsler, president of the National Realty Committee, Washington, urged the law to be further modified to apply the same standards to U.S. pension funds investing in REITs as those governing foreign funds.

In what some have called a quirk in the law, domestic funds are viewed as single shareholders while foreign funds can count their beneficiaries as individual investors, enabling them to avoid the five-person rule and permitting foreign funds to have larger ownership stakes.

But Mike Torres, vice president at Wilshire Associates, Santa Monica, Calif., believes the debate over the five-person rule is misguided.

"In reality, pension funds don't want to own more than 10% of any one REIT," he said. "This whole discussion has been completely confused by people saying this is a monumental problem." ■

Washington Editor Joel Chernoff also contributed to this story.

Minority

Continued from page 1

managers in 1991, representing $16.7 billion. Of this amount, 10 corporate placements representing $130 million — less than 1% of the total — were recorded with women- and minority-owned firms.

By comparison, Tracker recorded 434 public pension fund placements in 1991, representing $22.5 billion. Minority- and women-owned firms received 61 of these placements, representing $1.3 billion, or almost 6%.

Johnson & Johnson, New Brunswick, N.J., is one of the companies cited as a good place for minorities to work. H. Scott Snead, director-pension investments with the company's $1.5 billion pension fund, said he has looked for minority- and women-owned firms, but he has not found any in the investment styles he is considering. The fund currently is searching for an international manager.

"Most of them seem to be value managers," said Mr. Snead. "We have been decreasing that style in our fund."

Johnson & Johnson also has a 401(k) plan, and like most defined contribution plans, the majority of the assets are in guaranteed contracts, an area in which few minority- and women-owned plans are involved.

Additional minority manager hires are unlikely at the pension fund of another company listed by the magazines — Philip Morris Cos. Inc., New York. The $8.7 billion pension fund is reducing its manager stable as a result of the consolidation of the Kraft and General Foods pension funds, according to David Kirby, a vice president with the company.

Among its 21 managers is Ariel Capital Management Inc., Chicago, a minority-owned firm.

"In our domestic equity lineup, three years ago we had 20 managers; now we have 11," Mr. Kirby said.

The $1.1 billion pension fund for Federal Express Corp., Memphis, also finds itself with more managers than it needs following its 1989 acquisition of Tiger International Inc., according to William Gurner, manager-trust investments. Federal Express also was on the magazines' lists.

The fund added minority manager Amerindo Investment Advisors Inc., San Francisco, to its roster of 23 managers in 1990 when it decided to enhance its allocation to venture capital by adding a manager that buys companies that recently went public. Amerindo invests in small-capitalization stocks with a biotechnology and applied science bias.

ANTHONY F. FICKE

Hiring a minority manager to run $5 million for the pension fund of Federal Express Corp. really paid off, a pension official says.

"When we went through the list and saw Amerindo, we liked them the best," said Mr. Gurner. "We thought it was a good fit because they could fit into a post-venture type situation."

Since making the $5 million investment with Amerindo, Federal Express has realized a return of 126% on the investment, Mr. Gurner said. "It is one of the best investments we ever made."

Some pension executives working for corporations cited by Hispanic or Black Enterprise magazines have made a commitment to try to hire women- or minority-owned firms, or from the much more inclusive category of "emerging" firms, which consists of small firms regardless of gender or racial makeup of the ownership.

The $3.7 billion pension fund of Xerox Corp., Stamford, Conn., for example, has had a farm team since 1979, according to Gerald Paolini, manager-trust investment strategy. In a farm team arrangement, a small amount of a pension fund's total assets are set aside for small money managers.

The farm team backs up Xerox's belief that smaller managers are better able to put meaningful positions into a portfolio because of their small size.

"We think you can make more money with less assets under management because if you have large amounts of money, you limit your opportunity set," said Mr. Paolini.

Xerox uses the farm team as a proving ground. Successful managers are promoted to managing assets for the fund, according to Mr. Paolini.

The Xerox farm team now has two managers, both minority- or women-owned — Schafer Capital Management Inc., Princeton, N.J., and Westwood Management Corp., New York. It once had as many as eight, some of which were promoted and others terminated.

One pension fund whose company made the magazines' lists — Chrysler Corp., Highland Park, Mich. — hires minority managers through the Minority Equity Trust, a manager of managers fund sponsored by Bankers Trust Co., New York. Russell P. Flynn, manager-pension fund investments, said Chrysler also has five other women- and minority-owned managers.

The pension funds for Coca-Cola Enterprises and Coca-Cola Co., both in Atlanta, also have made special efforts toward hiring minority firms.

Coca-Cola Enterprises, an aggregation of 55% of the U.S. Coca-Cola bottling companies, was created in 1985, and is 43% owned by the Coca-Cola Co.

The pension committee of the new company made a "deliberate upfront decision to have minority participation in the assets," said Vicki Roman, treasurer.

"We felt it was important and the right thing. We wanted to do it as part of the restructuring process and not as an after-the-fact kind of thing."

Of its six managers, the $350 million Coca-Cola Enterprises pension fund has three minority-owned managers which handle about 13% of the total assets of the fund, she said.

The $600 million pension fund for Coca-Cola, like Chrysler, uses a minority manager of managers fund — Progress Trust, sponsored by Progress Investment Management, San Francisco. ■

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AT DEADLINE

L.A. County fund names CIO

Sheldon Lieberman, senior investment officer-equities at the $12.4 billion Los Angeles County Employees retirement fund, was promoted to chief investment officer, a new position.

Monks seeks Sears seat

Shareholder activist Robert A.G. Monks once again will run for a seat on Sears, Roebuck & Co.'s board of directors. Mr. Monks lost a bid to be elected to the company's board last year.

Contribution freeze rejected

Mayor Pete Sferrazza withdrew his proposal for Reno, Nev., to suspend $9 million in contributions to the state Public Employees' Retirement System after he failed to gain any support from Reno's City Council. He had proposed halting contributions to avert layoffs of city employees.

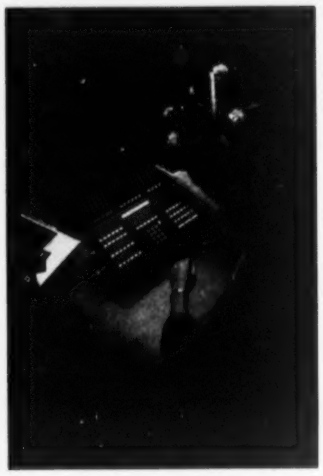
Manager tapped

SEI Insurance Asset Services hired Brundage, Story and Rose to run a $30 million fixed-income account, part of the $80 million in assets of MSJ Insurance, a captive insurer for the Sisters of Charity Health Care System, Cincinnati. SEI is the adviser to the Sisters of Charity.

Firm, French bank team up

Neuberger & Berman and Banque National de Paris have launched BNP/Neuberger & Berman, offering global equity and fixed-income investment management to institutional clients. Banque National also is investing $25 million in Neuberger & Berman through the purchase of a subordinated convertible debenture.

INSIDE



An eye toward the stars

The pension fund of U S WEST uses its fixed-income investments as a safe harbor that allows its pension fund executives to move other assets into riskier — and potentially more lucrative — arenas. Page 3.

SEC guns for realty managers

Action shifts liability onto fund trustees

By Steve Hemmerick

Pension fund investment in real estate could come to a temporary halt if the Securities and Exchange Commission succeeds in canceling registrations of many real estate investment managers.

Loss of SEC registration would thrust back on pension fund trustees personal liability for the decisions made by independent nonbank and non-insurance company real estate advisers, consultants and attorneys say.

The SEC threat flies in the face of calls by Congress and the Bush administration to inject more pension assets into the troubled real estate market.

Real estate money managers are forming a coalition — spearheaded by the National Association of Real Estate Investment Managers — to fight the threatened SEC action.

The managers are protesting the SEC's notice — issued Feb. 12 — that it intends to cancel registrations of 26 real estate managers in California. The SEC plans to evaluate more than 50 more in the Los Angeles area and begin similar real estate manager evaluations nationwide.

The SEC intends to cancel the registrations on the grounds the managers don't fit within the statutory definition of investment adviser in the Investment Advisers Act of 1940. SEC officials claim the targeted advisers don't give advice about securities. Real estate money managers, the SEC said, manage real property, and might have registered solely to qualify as investment managers under the Employee Retirement Income Security Act.

(Banks and insurance companies can act as co-fiduciaries and are exempt from a number of otherwise prohibited transactions.)

Indeed, most pension funds will hire only those independent money managers registered with the SEC. Corporate funds do so to transfer ERISA liability to their money managers; most non-ERISA funds have followed suit, because of state law or fund policy guidelines.

Getting out from under liabilities — possibly by mass switching of real estate investment managers or liquidation of real estate portfolios — would become the

See **SEC** *on page 33*

Richard Breeden's agency believes it is not qualified to investigate realty managers.

Randsworth investments wiped out

By Steve Hemmerick

Randsworth Acquisition Ltd. was put into receivership last week, making institutional investors' $435 million investment a complete loss.

JMB Institutional Realty Corp. purchased Randsworth Acquisition (formerly Randsworth PLC) in mid-1989.

Randsworth, the largest single overseas real estate investment for U.S. pension funds, was to mark the beginning of substantial American pension investment in Europe.

Now, however, the investment by the Ameritech Corp. pension fund, the Massachusetts Pensions Reserve Investment Management Board and the Algemeen Burgerlijk Pensioenfonds of the Netherlands and others is worthless.

JMB purchased Randsworth in mid-1989, at the top of the London real estate market.

The original purchase of Randsworth was valued around $800 million, including existing debt. The equity portion totaled $340 million, of which $50 million came from JMB and the rest from institutional investors, including 12 U.S. pension funds and a U.S. endowment.

Citibank's "perception of what the assets were worth and ours were different."

— Jerome J. Claeys
JMB Institutional Realty

JMB twice asked its investors for additional capital to ease the burden of the acquisition's heavy debt load.

Investors put in another $95 million, but uncertain when the market would improve and worried about their opportunity costs, they balked at putting up what a JMB executive described as "a substantial amount" of additional capital.

Randsworth has about 1 million square feet of prime office and retail space, mainly in London's West End.

Investors tried for more than a year to maintain their ownership in the highly leveraged real estate company, negotiating with the London office of New York-based Citibank, the lead lender in the deal.

But JMB officials said an impasse had been reached on how the revolving term loan credit facility could be refinanced. The balance of the loan is $350 million.

Jerome J. Claeys, chairman of JMB Institutional Realty, said Citibank exercised its right under U.K. law to appoint a receiver for Randsworth as a result of nonpayment of interest on the Randsworth loan. That means the receiver took the Randsworth stock that had been owned by investors and JMB.

As overall property values in the depressed U.K. economy fell, the value of Randsworth assets dropped below the amount of debt owed on the investment, Mr. Claeys said.

"Since the value of the assets was less than the debt, we had to make some arrangement with Citibank," he said. But the negotiations were unsuccessful. Citibank's "perception of what the assets were worth and ours were different."

Investors reacted calmly to the news, partly because they had been kept informed of the negotiations and partly because they apparently already had written down the investment.

PRIM, for example, already had written its $25 million Randsworth investment down to zero last year. ▪

Travelers in trouble — but so are others

By Fred Williams

Although Travelers Insurance Co. has borne the brunt of recent bad news about the insurance industry, Equitable Life Assurance Society of the United States lost more than twice the GIC business Travelers did in the year ended 1991, *Pensions & Investments* has learned.

Equitable lost $3.135 billion in guaranteed investment contract business during that time, while Travelers saw its GIC business decline by $1.361 billion. Aetna Life Insurance Co. also lost more than Travelers — $1.454 billion.

Together, the three lost almost $6 billion in GIC business, according to The Townsend & Schupp Co., a Hartford, Conn., insurance research and credit analysis firm.

All three had been among the industry's leaders in new GIC business. Now they have mounting financial woes linked to most of the same problems that prompted plan sponsors to flee from GICs: deteriorating credit quality caused largely by underperforming mortgage loans and problem real estate.

Travelers has been receiving the most scrutiny from pension executives, analysts and consultants.

Among the problems faced by the Hartford-based company:

- Travelers is offering GIC returns of 75 to 100 basis points higher than what higher-rated issuers are offering, but "is finding few takers," one consultant said.
- Industry sources say Travelers faces liquidity problems to support its sagging real estate portfolio because GIC investors have taken their business elsewhere. The company raised $928 million through the sale of various assets and subsidiaries since 1989, and Travelers officials acknowledge they are actively seeking addi-

See **Travelers** *on page 31*

NEWS DIGEST

BARRY B. BURR

Manoel Francisco Pires da Costa, president of the Sao Paulo futures exchange, represents a new era of investment in Latin America, examined in the special report beginning on page 15.

Robert A.G. Monks says a plan to create a shadow board of shareholders at Exxon Corp. will test the level of maturity of the corporate governance movement. Page 21.

Robert Franklin, who led the institutional fixed-income department at The Boatmen's Trust Co., has left and started his own money management firm. Page 22.

Despite the lifting of federal sanctions against South Africa, little has changed at state and local governments to end individual sanctions. Page 24.

FINANCING

The sale of 10 million shares of GM Hughes Electronics Corp. stock illustrates concerns about the long-term survivability of the special issue. Page 33.

INTERNATIONAL

Dean LeBaron, who has played an enthusiastic piper to pension fund investment in the former Soviet Union, is changing his tempo and maybe his tune. Page 2.

The start of Japan's fiscal year April 1 could be the beginning of some long-awaited good news for the poorly performing stock market. Page 3.

REAL ESTATE

Pension fund investment in real estate could come to a temporary halt if the SEC succeeds in canceling registrations of many real estate managers. Page 1.

Randsworth Acquisition was put in receivership last week, wiping out equity investors in the JMB deal. Page 1.

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Batterymarch pulls back

LeBaron slows pace of investing in ex-Soviet republics

By Hillary Durgin

MOSCOW — Dean LeBaron, who for the past 18 months has played the enthusiastic piper to prospective pension fund investors in the former Soviet Union, is changing his tempo — if not his tune.

Sounding a new note of caution, Mr. LeBaron, founder and a trustee of Batterymarch Financial Management, Boston, said the Soviet Companies Fund will make investments in the newly independent republics at a much slower pace than originally planned.

The plans to proceed more cautiously follow a decision, made by Batterymarch executives after the August coup attempt, to scale back the initial commitments to the $1 billion fund and instead do two tranches or closings.

"The yellow light is on," said Paul Rugo, executive director of Batterymarch's Moscow office. "It would be prudent to be more cautious. . . . Perhaps the money will go in in a more measured way," he said, referring to the fund's investments.

Batterymarch executives still say there's no time like the present for pension funds to get a foothold in the Commonwealth of Independent States. But in the past three months, unforeseen economic and political forces in the now antagonistic republics have prompted the firm to proceed with more caution.

"For the first time in approximately 18 months there are some initial — perhaps temporary — causes (for) investigation," said Mr. LeBaron, who traveled to Moscow and St. Petersburg in February. "I found, this time, a little bit of the first glimmer of a turning away from Western economic investing."

Kenneth E. MacWilliams, president of Prudential Equity Management Associates, Newark, N.J., one prospective institutional investor in the fund, said: "If he's concerned and wants to go slowly, we're comfortable with that."

Other targeted investors — including pension funds at American Telephone & Telegraph Corp., General Motors Corp., IBM Corp. and ARCO Investment Management Co., a unit of Atlantic Richfield Co. — declined to comment or didn't return phone calls.

In addition to the antagonism among the republics, defense contractors are still filling military orders for export to Third World nations, stalling plans to convert to civilian-based production, said Messrs. LeBaron and Rugo. Further stymieing potential investor interest are proposals that would tax exports from Ukraine and Russia, and also tax the personal income of expatriates living in those republics.

Mr. LeBaron's cautionary stance underscores the riskiness of ventures in the former Soviet Union, particularly for pension funds that must meet strict fiduciary obligations. Besides legal and structural hurdles involved in

See **Russia** *on page 35*

Bransford to become Stein Roe president

By Terry Williams

TOM REED

Roger Bransford said his new position "was close to impossible to turn down."

ATLANTA — Roger C. Bransford is resigning as national director-asset consulting services for Towers Perrin to become president of the investment management division of Stein Roe & Farnham Inc., Chicago.

Mr. Bransford said his new position also will include a seat on the company's board of directors, and he will report to company Chairman Timothy A. Schlindwein.

Stein Roe & Farnham has about $25 billion under management, $15 billion of which is for institutional clients, Mr. Bransford said.

An immediate successor to Mr. Bransford has not been named, according to Catherine Higgins, regional practice leader with Towers Perrin, New York.

"Our expectations are we are going to absorb Roger's duties within the existing (domestic asset consulting) group," she said. There are 23 professionals within the domestic asset consulting practice.

Mr. Bransford described the parting with Towers Perrin as "very amicable."

"I think the world of the company," he said. "It's an extraordinary group of people that have done exceptional work for the clients."

Mr. Bransford also said his departure is unlikely to have any adverse effect on Towers Perrin's relationship with its clients.

"My role was primarily a building role," said Mr. Bransford, who joined the firm in 1988 to build the asset consulting business. "We've always had at least two senior consultants on each client relationship."

One client — Carlos Resendez, executive director of the $400 million San Antonio Firemen's & Policemen's Pension Funds — supported Mr. Bransford's assertion.

"TPF&C has a unique function which I like," said Mr. Resendez. "They operate under a team concept, and no one individual is responsible (entirely) for your account.

"It's going to be business as usual," he said. "It won't impact our relationship."

Mr. Bransford said he was approached by Stein Roe & Farnham, and he described his new position as "a very compelling and challenging situation."

"It was close to impossible to turn down," he said.

Mr. Bransford said he will be responsible for "putting a series of pieces together to capitalize on the firm's franchise."

His duties will include evaluating and enhancing the investment products and supplementing the marketing effort.

"I'm not going in to tell them how to select securities," he said. He will nevertheless be in charge of the investment operation.

See **Bransford** *on page 31*

Coal funds' fate tied to Senate bill

By Hillary Durgin

WASHINGTON — Legislation that would bail out two bankrupt United Mine Workers of America retiree health benefit funds moved toward Senate approval last week, but the funds still could cave in if President Bush vetoes the whole tax package.

Sharing the uncertain fate of the mine worker legislation are other provisions in the Senate Democratic tax package that would have an impact on pension funds, including:

- A provision that would cap the deduction on executive compensation in excess of $1 million;
- Provisions to stimulate pension fund investment in real estate similar to those approved by the House but without rules that would encourage pension fund investments in real estate investment trusts; and
- A host of benefits-related provisions that would expand individual retirement accounts and simplify current pension law.

Assuming the president vetoes the final tax package, survival of any of the provisions depends on whether they can be attached to other legislation later this year.

Bitter opposition to the miners legislation would hurt its chances of re-emerging intact following a presidential veto, and trustees of the retiree health funds have threatened to terminate health benefits April 13.

With House and Senate conferees expected to resolve their differences on the pension-related proposals, they have a greater chance of resurfacing in other legislation. Congress is trying to send a final bill to the president by March 20.

The miner legislation was expected to survive efforts to modify it or strike it from the Democratic

See **Coal** *on page 35*

Fund helps out church

Church of Christ, Scientist, taps $80 million in assets

By Curtis Vosti

BOSTON — The Church of Christ, Scientist, strapped for cash and embroiled in controversy, has used more than $80 million of its pension assets for church needs in the past three years.

The church, owner of The Christian Science Monitor newspaper and other media, has been able to revert actuarial surpluses and, in the first two months of this year, take out $41 million in loans without apparent government regulation or oversight because of the church's tax-exempt status and the structure in which the pension assets are held.

"It's merely a bank account," said Donald Bowersock, managing treasurer of the Mother Church, as the national offices in Boston are called. "All the legal advice we've received had said that it was not a problem."

The pension account was established in the late 1970s as a reserve fund of the board of directors. The assets are not held in a separate trust, nor are there trustees with fiduciary responsibilities, Mr. Bowersock said. Also, the assets are not held in a qualified plan.

Churches generally are exempt from the federal Employee Retirement Income Security Act and Internal Revenue Service regulations, which would govern the loans and withdrawals from a pension fund. Church funds can, however, be subject to state trust regulation, including restrictions on making loans or withdrawing surpluses. However, churches often set up pension funds under Sections 401(a) or 403(b) of the Internal Revenue Code to prevent their employees from being taxed on the retirement benefits.

But apparently not the Mother Church.

"It is not subject to state or federal laws," Mr. Bowersock said about the $115 million in pension reserves. "The commitment is to pay a benefit. The control is purely and simply the ethics and morals of the church."

In Massachusetts, the state attorney general ruled in the early 1980s that ERISA superceded state law, and it is not clear if there is any regulation of church funds, according to Barbara Phillips, an attorney in the legal department of the state Public Employees Retirement Association.

A spokesman in the charities division of the attorney general's office said churches generally are exempt from state regulation.

This freedom allowed Mother Church officials to withdraw $15 million in 1989 and $25 million in 1991, then borrow $11.5 million in January of this year and another $30 million in two installments in February. The loans have no collateral, but the church has promised to pay them back over an unspecified period with interest equal to the prime rate plus one percentage point.

The withdrawals and loans have helped the church through a cash crunch as its media investments — such as the Christian Science Monitor, magazines, radio stations and, most recently, cable television — soured.

The crunch also has been exacerbated by a much publicized court battle over the rights to a $98 million bequest from Bliss Knapp, a biographer of the church's founder, Mary Baker Eddy. The church is being challenged by two alternate beneficiaries who stand to gain the bequest if the church hasn't complied with the will.

Controversy over the financial pinch has led to the resignation of Harvey Wood, chairman of the Christian Science Board of Directors, last week and a restructuring of power back to the board.

Mr. Bowersock said Mother Church employees and pensioners have no cause for concern about the withdrawals — which he calls reversions — and the loans because the pension fund is actuarially sound and has enough assets (after the withdrawals and not subtracting the loans) to cover the projected benefit obligations. Even if the loans were never repaid, he said, the fund still would have enough to cover the liabilities on a termination basis.

The Mother Church also provides matching contributions to a tax-deferred annuity option for its employees, but Mr. Bowersock was not prepared to give details of that defined contribution plan. ■

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CORRECTIONS & CLARIFICATIONS

- In the Jan. 20 issue ranking of the Top 1,000 Pension Funds, the **Joint Board of Trustees, Alaska Electrical Pension Board** was ranked twice. The fund had $472 million in employee benefit assets Sept. 30.
- The photograph of **Mark Attanasio** and **Robert Beyer** on page 8 in the March 2 issue was reversed. Mr. Attanasio is on the right and Mr. Beyer, the left.

ECONOMY

Advisers see minimal growth ahead for stock market

■ The Dow Jones Industrial Average will finish the year close to its current level, money managers expect.

A survey of 35 money managers with total assets of more than $140 billion, conducted by Effron/PSN Inc., Port Chester, N.Y., and Sponsor-Software Systems Inc., New York, showed the median expected level for the Dow at year end was 3350, although the average expected level was 3270. The Dow was at 3267 Feb. 28, the day the survey was released.

Forecasts for other economic indicators and scenarios are shown in the accompanying table.

The managers say there is a 48% chance the 1992-'96 period will be a growth period, with only a 16% chance of even moderate inflation and a 2% chance of high inflation.

There is a 15% chance of stagnation and a 13% chance of another moderate recession in the period, the managers said.

The forecasts were used by Sponsor-Software Systems' scenario-based forecasting model to generate optimal portfolios designed to produce a minimum return of 10% for 1992 and the five years through 1996.

The one-year portfolio had a 31% exposure to large U.S. stocks, 20% each in small U.S. stocks, foreign stocks and U.S. bonds, and 9% in foreign bonds.

For the five-year period, the recommended portfolio allocation was 60% large U.S. stocks and 20% each in small U.S. stocks and foreign stocks.

— Michael J. Clowes

Gazing into the economic crystal ball

35 investment managers were polled for their views of where various economic indicators would be by the end of 1992.

Indicators	Mean	Median
Prime rate	6.81	6.75
S&P 500	423	435
DJIA	3270	3350
90-day T-bills	4.38	4.40
30-year Treasury rate	7.70	7.75
AAA corporate bond rate	8.66	8.55
CPI	3.16	3.30
Unemployment	6.9	6.8

Sources: Effron/PSN Inc., Port Chester, N.Y., and Sponsor-Software Systems Inc., New York

JOHN SMITHER

INTERNATIONAL

Irish funds see reversal of fortunes

■ Rebounding from the previous year, the average pooled fund in Ireland posted a 14% return during 1991, compared with a 12% drop in 1990, according to the consulting firm of William M. Mercer Fraser Ltd., Dublin.

Mercer Fraser tracks the performances of pooled funds of pension assets managed by 12 Irish money management firms. It found last year's best performances occurred in the first quarter, following the conclusion of the Persian Gulf war when "all funds" benefited "from the recovery of global equity markets during February and March."

Last year's best performer was the Bank of Ireland with a 19.6% gain, followed by Ulster Investment Managers, up 17.2% and Prudential Life Assurance Co., with a 15.7% return, said Mercer Fraser.

With its 10% gain, Allied Irish Banks was last year's worst performer.

For the five years ended Dec. 31, New Ireland Assurance Co. ranked tops in performance, returning 13.1% annually for the period, followed by the Bank of Ireland with a 12.2% annual gain.

GRE Life ranked last in performance with a 9.2% return per year.

For the five-year period, returns on pooled funds overall ranged from 13.1% to 9.2% per year. All funds, however, registered gains that Mercer Fraser said were "substantially ahead of corresponding price inflation of just 3.3% per annum."

— Margaret Price

INVESTING

Small-cap surge hits short sellers

■ The NASDAQ Composite, measuring the performance of small-capitalization stocks, gained nearly 6% in January. The Dimensional Fund Advisors Small Cap Index, another broad measure of small-cap returns, soared 11.5%.

The strong performance surge of small-cap stocks resulted in a loss for managers specializing in short selling, according to Centurion Trust Co., La Jolla, Calif. The firm's Strategic Defensive Investing Index shows a loss for the average short seller of more than 7%, despite apparent relief offered by a 2% drop in the S&P 500 in January. The SDI Index is a composite of the results of established managers specializing in short selling.

The negative correlation between short sellers' results and broader indexes including more small-cap stocks in January is no coincidence, said Steven M. Kibbey, a Centurion vice president. "Our observations have shown small-cap stocks dramatically underperforming in the interval between 1983 and 1989. Short sellers traditionally have large exposure in small-cap stocks and enjoy considerable success when small cap underperforms."

— Christine Philip

REAL ESTATE

Property index at a record low

■ The Russell-NCREIF Property Index's preliminary results show a −5.4% total return for 1991, a record low for the index. The previous one-year low was −3.6% for the year ended Sept. 30, 1991.

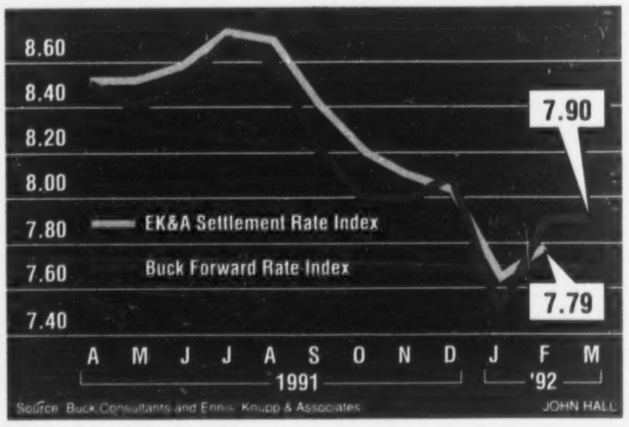
Total returns for the year, by property type, were −11% for office properties, −1.5% for retail, −6.5% for research and development properties, −1.5% for apartments and −1.2% for warehouses.

Income from the properties was positive for the year for all property types. But depreciation was so sharp it more than negated the income component.

The worst depreciation in 1991 was for office properties, −16.8%.

— Steve Hemmerick

Indexes for valuing pension liabilities under FAS 87



Source: Buck Consultants and Ennis, Knupp & Associates

JOHN HALL

MONEY MANAGERS

Salomon named unit's chairman

■ Robert S. Salomon Jr., managing director of Salomon Brothers Inc., New York, was named chairman and chief executive officer of Salomon Brothers Asset Management Inc., succeeding Michael F. Holland, who left the firm to become vice chairman at Oppenheimer & Co.

R. Salomon Jr.

If the name seems appropriate for the position, it is not a coincidence. Mr. Salomon is the grandson of Percy Salomon, one of three brothers who started the brokerage firm.

Mr. Salomon said one of the changes in his job will be that he will be doing a lot more traveling. As a start, he and Mr. Holland, in his final function for the firm, went to Japan together last week. The tour is "a sort of passing of the mantle," said Mr. Salomon.

Mr. Salomon sees a lot of challenges ahead, but said after only a few days on the job it was too early to anticipate any changes. "I'm more interested in learning than drawing conclusions."

"Our marketing plans have been in limbo," he said following the investigation of the parent company for bidding violations at U.S. Treasury note auctions. He noted, however, the asset management group was not directly effected by the Treasury scandal, and he expects the residual effects on the firm will be gone by the second quarter.

For the past year, Mr. Salomon has been chief investment officer in charge of all equity mutual funds. He will continue to manage the Salomon Capital Fund. Prior to joining the asset management group, he was director of stock research and U.S. equity strategist for 16 years at Salomon Brothers.

— Sabine Schramm

CONSULTANTS

Noble Lowndes expands to Hungary

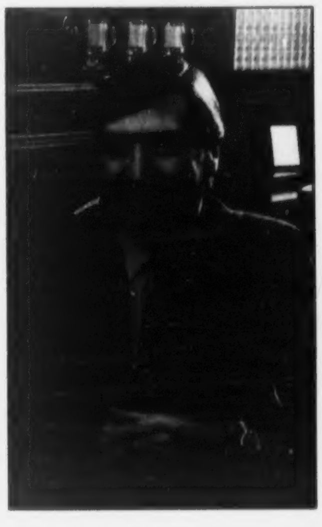
■ Employee benefit consulting giant Noble Lowndes has acquired a majority shareholding in a Hungarian company, PX Human Risk Management Ltd., Budapest.

PX, which was established as a private company in 1989 to advise the government on the development of insurance programs, including pensions, will be renamed Noble Lowndes/PX Ltd.

Peter Brew, a board member and managing director of Noble Lowndes' North American operations, said the Hungarian outpost will try to aid and benefit from the former communist state's move to a market economy.

"In the new environment of trying to change to a market economy, they are looking at the long-term funding of retiree and health care funding," Mr. Brew said. "Under the old system, the hospitals became a dumping ground for all of the social problems. There's a lot of work to be done."

Heading the Hungarian operations will be Adam Gere, a Hungarian native who left the country for political reasons in 1960 and spent the intervening 30-odd years in Sweden, the United Kingdom and the United States.



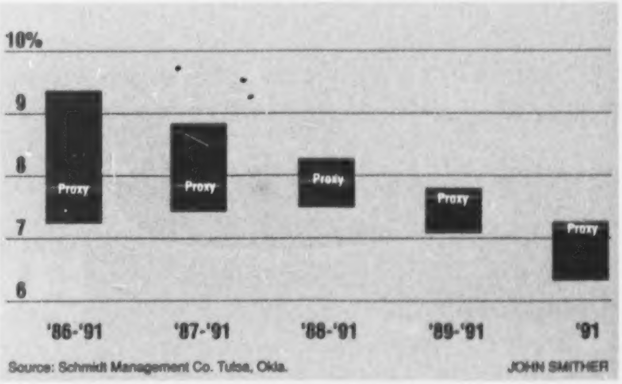
P. Brew

While Mr. Brew recognizes the long challenge ahead, he is thrilled to be a part of the task at hand. "From our point of view, it's not a big money spinner. But strategically, it's an exciting move."

— Curtis Vosti

GIC Common Fund Proxy

The GIC Common Fund Proxy uses a mix of 50% 90-day Treasury bills and 50% average contract rates on one- to five-year GICs (equally weighted) to estimate the historical return on the average GIC common fund. Years ended Dec. 31.



Source: Schmidt Management Co. Tulsa, Okla.

JOHN SMITHER

Travelers

Continued from page 1

tional capital.

- Legal wrangling continues over how best to liquidate Separate Account R, Travelers' $225 million open-end commingled real estate fund. Dozens of pension funds are trying to withdraw from the fund and recoup investments.
- The Securities and Exchange Commission has launched a quiet inquiry into Travelers' accounting, reporting and disclosure in its $15 billion real estate portfolio dating to 1988.
- Travelers has been placed on Moody's Investors Service watch list for a possible downgrade of its lackluster A2 rating, primarily because of its exposure to commercial real estate and asset quality problems.

If the rating drops to below investment grade, it would lead to a further drain on assets and probably an acceleration of pension funds dumping Travelers GICs and possibly the heretofore-unaffected Travelers Investment Management Co., another subsidiary of Travelers' parent, The Travelers Corp.

Travelers has 44.7% of invested assets in commercial mortgages, according to Townsend & Schupp, compared with an industry average of 23% in 1991. About one-third of its mortgage portfolio is underperforming and more problems are expected. Aetna had an industry high 49.7% of invested assets in commercial mortgages.

Aside from its huge loss of GIC business, Travelers' other pension investing businesses seem to be holding their own. Non-GIC pension fund clients are sticking with the company, but are cautious as its problems mount.

Travelers' indexed assets under management almost doubled in the year ended Dec. 31 to $1.76 billion from $888 million. TIMCO's separate account management increased to $3.3 billion as of Dec. 31, from $2.9 billion a year earlier.

Mike Stavar, assistant treasurer at BASF Corp., Parsippany, N.J., said he renegotiated with Travelers the terms of an $18 million immediate participation guarantee contract because of concerns about reinvestment risk. Travelers now pays interest directly to BASF, instead of accruing it, and is paying back a portion of the principal twice yearly until the contract is liquidated, he said. IPGs are predecessors of GICs that have no actual maturity date.

"I wanted control of the (IPG) assets," Mr. Stavar said. He won't terminate the contract because of the stiff penalties involved, but is "watching things carefully."

Loris R. Colclough, director-finance for the city of Winston-Salem, N.C., said he is concerned about the plight of Travelers following the investment of $4.5 million of the Winston-Salem Police Officers Separation Allowance Fund in an equity index fund with TIMCO.

He said his fund could consider terminating TIMCO "if we felt uncertain or insecure about the safety of our funds."

Most pension investors' concerns center on Travelers' GICs.

Owens-Corning Fiberglas Corp., Toledo, Ohio, no longer includes Travelers in its GIC bidding process because the company does not meet its credit quality standards, said Terry Priestap, director-pension management.

He said existing contracts will be allowed to mature, but probably will not be rolled over with Travelers.

Most analysts believe Travelers is working out its problem real estate portfolio, and none expects Travelers to be taken over by regulatory agencies like Executive Life Insurance Co. and Mutual Benefit Life Insurance Co. were.

"We saw the problem and we are dealing with it," said John Prom, Travelers vice president. "I think the rating agencies and anyone who has taken a close look at our company feels we have a handle on the situation and are solving the problem. We are managing our way through this."

He said the company has established sufficient reserves to cover problem loans and is making expeditious sales where possible, but not at "fire sale" prices. He said the insurer is prepared to wrestle with its real estate problems for as long as it takes to resolve them on an equitable basis over the long term.

In the GIC area, he said, "we have some new products coming on line . . . such as a short-term bond fund. Sure, the ratings issue has hurt us, but we expect to be back" in the GIC business.

A run-on-the-bank scenario is minimized, analysts claim, because Travelers' GIC contracts traditionally have stringent termination clauses calling for long waiting periods and loss of income upon termination.

But the loss of more than $1 billion in GIC business in a year indicates plan sponsors and GIC managers are not rolling over existing Travelers contracts and are moving to higher rated companies for their new business.

Jason Psome, principal with Brentwood Asset Advisors, Santa Monica, Calif., a GIC consulting firm, said he has not placed a contract with Travelers in at least four years.

He doesn't recommend dumping Travelers, but suggests viewing the GICs as a corporate bond: "Consider the risk of it being a financial institution and decide if the return and maturity of a Travelers GIC offers a fair risk/return scenario for the plan.

"Would you buy the same credit quality for the same return and the same maturity as a current Travelers GIC? If so, you can be comfortable with existing contracts. If not, you should explore ways to mitigate the risk."

Weston Hicks, insurance analyst at Sanford C. Bernstein & Co., New York, said the $910 million Travelers has reserved for problem real estate is adequate for now, but brings the company down from being "significantly capitalized to adequately capitalized."

Others, however, point out Travelers might have to come up with additional reserves because its problem mortgages in 1992 are expected to greatly exceed the reserves established thus far.

Mr. Hicks said he does not expect Travelers to experience a solvency crisis "unless there is a total meltdown in the economy." He said Travelers "appears to have adequate liquidity."

Other industry sources, however, believe Travelers might be facing a liquidity squeeze, largely because of efforts to support its problem real estate.

An analyst with a West Coast investment banking firm noted Travelers' recent private placement of $300 million in 10-year senior notes was sold to yield 9.5%, more than 200 basis points over the 10-year Treasury note. "Travelers was hoping to sell these notes priced at only 175 basis points over, but had to extend that in order to get them sold," he said. "That means that they were very anxious to place them at practically any cost in order to get the funding."

Mr. Prom said the note sale was necessary to add to the company's capital base "to allow us to expand our core business," not to support the real estate portfolio.

Another financial analyst said because Travelers is not receiving new cash flow from GIC placements, the company must pay for funding through more costly private placements and through public offerings.

"If you paid $50 million for some real estate five years ago expecting to pay it off . . . and now GICs are not being reinvested and your mortgage loan is not paying off through foreclosure or default . . . you have a liquidity crunch. In a normal market (Travelers) would just go out and issue more GICs to receive funding, but now no one is buying them," he said. ■

GICs in force

Total GICs ($ millions)

Company	1991	1990	Net change
Prudential	22,966	21,900	1,066
Metropolitan	17,725	18,265	-540
Aetna	11,132	12,585	–1,454
John Hancock	10,154	9,648	507
New York Life	9,265	8,440	824
Travelers Insurance	7,081	8,444	–1,363
Provident National	6,637	6,421	215
Equitable	6,565	9,700	–3,135
Mass Mutual	5,011	4,805	207
Hartford	4,664	3,442	1,222

Source: The Townsend & Schupp Co., Hartford, Conn.

JOHN HALL

Bransford

Continued from page 2

"Most people would look for an investment professional to run investment management," said Mr. Bransford. "They are looking for someone with the capability of shaping the business into what it is capable of being."

A 20-year veteran of the investment consulting business, Mr. Bransford worked with the old A.G. Becker & Co. from 1971 through 1978. He then served as a senior vice president with Meidinger Inc., leaving in 1984 but returning a year later and working there through 1986.

He left Meidinger to join D.L. Eager Associates Inc. (now Eager & Associates Inc.), Louisville, Ky., which he left to take the position at Towers Perrin. ■

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Chrysler pension fund gets hit

Contribution down, liability up

By Curtis Vosti

HIGHLAND PARK, Mich. — Chrysler Corp. cut its pension contribution 58% in 1991 and increased its unfunded pension liability 21%, symptoms of continued belt-tightening in the chronically troubled auto industry.

Financially strapped Chrysler, which contributed $327 million to its pension fund in 1991, said in its annual 10(k) report it will contribute at least the legal-mandated minimum of $51 million in 1992 "to preserve liquidity."

If it limits the 1992 contribution to the minimum, the company said its minimum payment to its $5.8 billion pension fund would jump to $635 million in 1993, and to between $850 million and $950 million per year from 1994 through 1998. Chrysler contributed $776 million to its pension fund in 1990 and $781 million in 1989.

Some $300 million — or 92% — of the $327 million 1991 contribution was in the form of 23 million shares of a new class of Chrysler common stock, part of an August 1991 offering, said Tom Houston, a Chrysler spokesman.

The 10(k), filed with the Securities and Exchange Commission, also showed Chrysler cut the pension fund's discount rate in line with the drop in interest rates, resulting in a 21% increase in its unfunded liability to $4.4 billion.

The company said in the 10(k) it will implement an additional $750 million in operational budget cuts in 1992 on top of $3 billion in cuts enacted since 1989. Most of the cuts will come from elimination of an unspecified number of salaried jobs, administrative costs and a reduction in capital spending. Chrysler reported a pre-tax loss of $810 million in 1991.

In the report, the company said its unfunded liabilities, on a projected benefit obligation basis, increased $770 million from $3.62 billion a year earlier. The hike was caused primarily by lowering the discount rate to 8.5% from 9.65% a year earlier, the company said.

The discount rate is used to determine the present value of future liabilities; lowering the discount rate would increase the cost of the liabilities.

Mr. Houston said he is not aware of any further changes in pension fund actuarial calculations.

Mr. Houston said the company expects the rise in the unfunded liability would raise its premium payments to the Pension Benefit Guaranty Corp. But he said the payment is only computed on demand from the PBGC, and Chrysler would not disclose the amount of its past payments.

A spokeswoman for the PBGC wouldn't provide any information on Chrysler's premium payments. She would say only that if Chrysler pays less than the $72 per participant maximum premium payment in one of its funds, and the unfunded liabilities rise in that fund, Chrysler's premium payments would increase.

Chrysler also said its 1992 operations could be affected adversely

See **Chrysler** *on page 26*

Alabama Sen. Howell Heflin is co-sponsoring the bankruptcy reform bill.

Bill gives boost to PBGC as creditor

By Hillary Durgin

WASHINGTON — The PBGC could secure a seat — but at the far end of the table — on creditors' committees under bankruptcy reform legislation pending in the Senate.

The legislation (the National Bankruptcy Review Commission Act, S-1985) underscores the escalating competition between the Pension Benefit Guaranty Corp. and retirees seeking health benefits, often the two largest creditors in Chapter 11 bankruptcy proceedings.

The bill gives the PBGC a seat on the creditors' committee. But an amendment would strengthen considerably the standing of retiree health claims, which already are considered to have priority status in bankruptcy proceedings.

The amendment would "kick (the PBGC) down the stairs," said Peter Christensen, an independent benefits consultant based in New York.

S-1985, the Senate's bankruptcy reform bill was passed unanimously by the Senate Judiciary Committee and is expected to reach the Senate floor within a week. The bill, which could become law before year end, was introduced in the fall by Sen. Howell T. Heflin, D-Ala., and Sen. Charles E. Grassley, R-Iowa.

Meanwhile, the PBGC still has a glimmer of hope that far more significant changes it seeks could be achieved. Its

See **PBGC** *on page 29*

AT DEADLINE

Avatar exec dies in crash

Thomas C. Mikuda, vice president-client services at Avatar Associates, was among those killed in last week's USAir crash in New York. He is survived by his pregnant wife and 2-year-old child.

Mr. Mikuda had worked at Avatar for six years and was "an integral part of a small, collegial environment. . . . His day-to-day contribution will be terribly missed," according to William Brennan, vice president-client services.

Trustees sued on annuities

The Labor Department filed suit against trustees of a pension plan sponsored by BMC Industries, charging they improperly selected and purchased group annuity contracts.

The contracts were purchased in 1986 for $2.5 million from Executive Life Insurance Co. of California following termination of a Camelot Industries Corp. plan. BMC received a reversion of more than $730,000.

Michael Hawks, corporate controller at BMC, said company executives "believe that we performed all of our obligations under ERISA," noting Executive Life had an A rating at the time of the annuity purchase. "We don't believe there's any basis for the complaint by the government."

Continued on page 29

Stand by your candidate

Money managers' donations revealed

By Hillary Durgin

WASHINGTON — John F. Hotchkis, John H. Hobbs and Martin T. Sosnoff are big spenders in 1992 election campaigns, an informal *Pensions & Investments* survey of money managers' individual contributions shows.

Mr. Hotchkis, general partner of Hotchkis and Wiley, Los Angeles, gave $33,000, all but $2,000 of that to national Republican committees. Mr. Hobbs, president of Jennison Associates Capital Corp., New York, gave $28,000, including contributions to eight different Senate candidates and Bob Kerrey's presidential primary campaign.

Mr. Sosnoff, chairman and chief executive officer of Atalanta/Sosnoff Capital Corp., New York, spent $24,000, all on Democratic Senate races, including $20,000 to the Democratic Senatorial Campaign Committee.

These three were identified by *P&I* as the heaviest hitters through a non-scientific sampling of money management executives' contributions reported to the Federal Election Commission as of Jan. 31 for presidential campaigns and Dec. 31 for congressional campaigns, the latest data available.

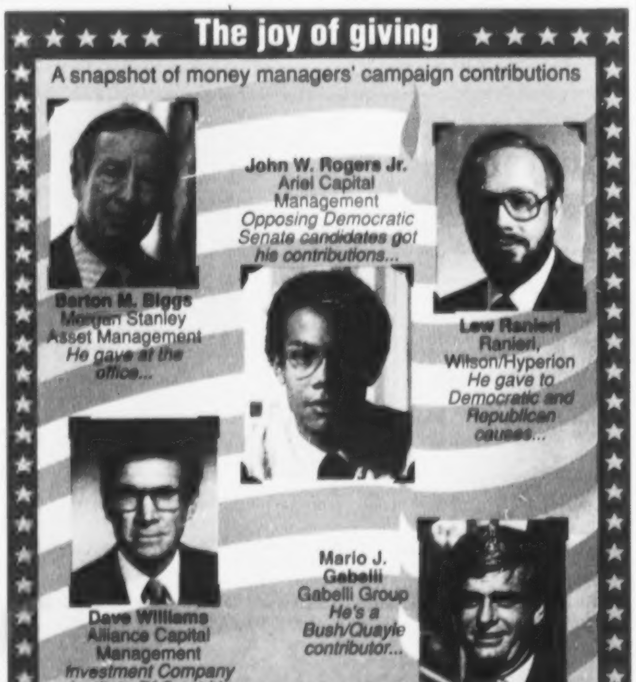
P&I searched FEC documents for records of individual contributions made by about 50 well-known money managers. About half were listed as having made contributions.

Of their more than $161,000 contributed, 52.5% was given to Democrats and almost 33% to Republicans. The remaining assets were given to political action committees or candidates whose party affiliations could not be learned by press time.

Only $10,000 was bet on specific presidential candidates, with $6,500 backing the Bush-Quayle effort, $1,500 on Democratic front-runner Bill Clinton and $2,000 to the now-defunct campaign of Sen. Kerrey.

Bush-Quayle backers included: Mario Gabelli, founder of the Gabelli Group; J. Parker Hall III, president of Lincoln Capital Management; Charles Miller, president of Criterion Investment Management Co.; John W. Rogers Jr., president of Ariel Capital Management Inc.; Fayez Sarofim, president of Fayez Sarofim & Co.; and Stephen H. Weiss, managing

See **Politics** *on page 31*



The joy of giving
A snapshot of money managers' campaign contributions
John W. Rogers Jr.
Ariel Capital Management
Opposing Democratic Senate candidates got his contributions...
Barton M. Biggs
Morgan Stanley Asset Management
He gave at the office...
Lew Ranieri
Ranieri, Wilson/Hyperion
He gave to Democratic and Republican causes...
Mario J. Gabelli
Gabelli Group
He's a Bush/Quayle contributor...
Dave Williams
Alliance Capital Management
Investment Company Institute PAC got his money...

Source: Federal Election Commission documents

JOHN SMITHER

INSIDE

Travelers Insurance Co.'s complaints about a story prompt *Pensions & Investments* to re-examine the story's news value, accuracy and fairness. Editor Michael Clowes' response is on Page 10.

NEWS DIGEST

General Dynamics, maker of the Tomahawk missile, faces a proxy resolution from the New York City Employees' Retirement System. Page 16.

SPECIAL REPORT: 1992 PROXY PREVIEW

"Quiet diplomacy" may be losing its appeal as a tactic for activist shareholders. Page 16.

Socially oriented proxy resolutions are down, but certainly not out. Page 16.

FINANCING

A $25 million cash infusion from the Connecticut state pension fund wasn't enough to keep Colt's Manufacturing out of Chapter 11. Page 2.

INTERNATIONAL

Revising Brazil's corporate-sponsored pension system — the largest in Latin America — is the subject of heated debate. Page 21.

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Waters joins *P&I* staff

Pensions & Investments has added a staff member in the Chicago office.

Karen Waters joined *P&I* March 2 as directory coordinator, replacing Christine Philip who has become a staff reporter.

K. Waters

Ms. Waters formerly was an editorial assistant at Morningstar, a Chicago-based financial publishing company. She is a graduate of the University of Illinois at Chicago, with a degree in mass communications.

Ms. Philip, who joined *P&I* in 1988, will be a general assignment reporter in the Chicago office. She previously worked for the Yankee Group, a telecommunications/computer research analysis firm, and provided proprietary market research studies and information services to Fortune 100 and 500 clients.

She received her bachelor's degree in English literature and creative writing from Knox College, and the University of Durham, England. She has done graduate-level work at Pennsylvania State University. ▪

Connecticut's deal a bust

Fund owned 47% of bankrupt Colt's Manufacturing

By Anne Schwimmer

HARTFORD, Conn. — The State of Connecticut Trust Funds' first and only in-state investment under a 3-year-old program may be all but wiped out because Colt's Manufacturing Co. has filed for bankruptcy.

The $10 billion state pension fund paid $25 million for a 47% stake in Colt's in 1990. The company filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code March 19.

In a bankruptcy, equity holders typically are at the bottom of the group of creditors seeking restitution. Often, senior lenders such as banks are granted equity control of the company as compensation for their losses, while original equity holders get nothing.

State officials — including Frank McDermott, assistant treasurer-investments, and aides to Treasurer Francisco L. Borges — would not talk about the pension fund's investment in Colt's. Mr. Borges, in a written statement, said the Chapter 11 filing would not "undermine the underlying soundness of the overall pension funds," meaning $25 million doesn't make or break a $10 billion pension fund. He would not return telephone calls.

Mr. Borges' statement also said the fund took no role in the day-to-day operations of Colt "despite our best efforts in saving the company from demise or dismantling two years ago by virtue of our investment." But as part of the terms of the deal, the fund was awarded two seats on Colt's board and had a say in the selection of two outside directors (*Pensions & Investments*, April 2, 1990).

The Connecticut pension fund was one of three institutions with a stake in the small-arms maker. The others are Edinburgh-based Ivory & Sime PLC and Britain's County NatWest Bank. Ivory & Sime and County NatWest put in $10 million total for a 25% stake. Striking union workers got a 12% stake through the deal. The remaining equity is held by other employees and a few private investors.

Despite Connecticut's experience with Colt's, pension officials plan to proceed with their in-state investing program, Connecticut Programs Fund.

Fund officials and their consultant, Pension Consulting Alliance, Los Angeles, are in the process of choosing a group of money managers to specialize in funding economic development projects and affordable housing in Connecticut, said Mr. McDermott, who is chief investment officer for the pension fund. Up to 3% of the pension fund's assets will go to these managers, he added.

"These would be people who get involved with venture capital and (fixed-income) private placements," Mr. McDermott said.

"We hope to be making our . . . investments in that program in June," Mr. McDermott said. ▪

Northrop eases FAS 106 pain

Tax credits offset $94 million hit

By Fred Williams

LOS ANGELES — Northrop Corp. offset most of its $437 million retiree health liability in 1991 and avoided a major drop in net income.

Northrop, a Los Angeles-based aerospace defense contractor, got a boost by making use of financial techniques that analysts say are unlikely to benefit most other defense contractors. It used research and experimentation tax credits to offset the drop in net income resulting from early adoption of two Financial Accounting Standards Board rules — FAS 106, which requires accrual accounting for retiree medical benefits, and FAS 109, which allows companies to anticipate the value of future tax deductions that relate to liabilities already on their books.

The net after-tax effect of the adoption of FAS 106 and FAS 109 reduced Northrop's 1991 net income by $94 million, or $1.99 per share. But the $90 million tax credit, amounting to $1.91 per share, nearly eliminated that income drop. The tax credits were discovered during an internal tax credit study last year.

Northrop built up tax credits by heavily investing company money in the development of the endangered $17 billion B-2 bomber program. Most defense contractors don't invest significant amounts of their own cash in defense projects, and so do not earn the same tax credits as Northrop did.

In addition, the company's $437 million accumulated post-retirement medical liability was partially offset by $292 million held primarily in a 501(c)(9) voluntary employees beneficiary association trust, leaving a net unfunded obligation of only $145 million.

Net income for 1991 was $200.8 million compared with $210.4 million in 1990.

Defense analysts and company officials say Northrop would have had to write off the entire $437 million had the company not been able to apply the offsetting tax credits and had it not been prefunding for retiree medical benefits since 1980.

Paul Nesbit, defense industry analyst at Prudential Securities Inc., New York, said he doubts other defense contractors "will be quite so fortunate in making all these things come together."

He said McDonnell Douglas Corp., St. Louis, has a FAS 106

See **Northrop** *on page 29*

Pension players escape check flap

By Curtis Vosti

WASHINGTON — Fallout from the congressional check-kiting brouhaha isn't expected to leave much debris on pension legislation.

The controversy — some say scandal — about members of the House of Representatives being allowed, without penalty, to overdraft their accounts with the House Bank is expected to affect the re-election chances of some of the worst offenders.

The issue is credited with the March 17 primary defeat of Rep. Charles Hayes, D-Ill., who wrote 716 bad checks between July 1, 1988, and Oct. 3, 1991.

But, pension observers say, it seems few of the active players in pension legislation are caught up in the controversy and they doubt it will have any impact on the ability of members to pass pension legislation.

According to a list published in Newsweek of 143 lawmakers who admitted to overdrafts, perhaps the most noticeable name to industry observers would be Rep. Marge Roukema of New Jersey, the ranking Republican on the Labor and Management Subcommittee of the House Education and Labor Committee. Rep. Roukema has admitted to two overdrafts.

Secretary of Labor Lynn Martin wrote 16 bad checks during the July 1988 to October 1991 timeframe while serving as a Republican representative from Illinois.

Other names of interest include California Democrats Robert Matsui and Pete Stark and Rep. Nancy Johnson, R.-Conn. Rep. Matsui, who wrote 21 bad checks, and Pete Stark, with 17 overdrafts, both have been involved in pension issues in the past. Rep. Stark also is active in the health care field, as is Ms. Johnson, a member of the House Ways and Means subcommittee on health who had just one overdraft. ▪

AP/WIDE WORLD PHOTOS

Labor Secretary Lynn Martin wrote 16 bad checks while in the House of Representatives.

MONEY MANAGERS

Orleans Capital executives are off to a quick start

■ In only five months, Robert Rust and four associates accomplished what takes some money managers years or even decades to do.

Since Mr. Rust and the others left their senior investment posts at Hibernia National Bank, New Orleans, to start Orleans Capital Management Nov. 1, the firm has gained more than $500 million in assets under management.

That Orleans attracted so much business in such a short time indicates how valuable the group was to Hibernia clients — most of the Orleans assets followed the group from Hibernia.

Of the $500 million, said Mr. Rust, $400 million is in fixed income and $100 million is in equities.

"We've had very good numbers and our clients have seen that and some have decided to come with us," said Mr. Rust.

The firm's equity style is as a core manager with a growth tilt, while the fixed-income approach is active using sector and yield curve analysis.

Hibernia reportedly has lost more than $900 million in managed assets since Mr. Rust left as chief investment officer.

— *Fred Williams*

Orleans' Joseph Casper, left, Louis Crane, Robert Rust, Rodney Abele and Janet Rabalais have gained $500 million in five months.

INTERNATIONAL

Mexico passes private pension law

■ Mexico's Congress has passed legislation — effective May 1 — creating Mexico's first mandatory corporate pension system.

The new defined contribution program, approved in February and called the Retirement Savings System, requires employers to contribute bimonthly 2% of employees' monthly integrated salary (wages plus amounts accrued for allowable days off), up to a cap of 25 times the minimum wage. Currently, the minimum wage is about $130 per month, according to Segundo Tascon, manager in the Mexico City office of The Wyatt Co.

In the new program, he said, employers will make contributions to any private bank, and that bank will either transfer the assets to Mexico's central bank or to another investment program, such as a mutual fund, of the employee's choice. If employees leave the money within the central bank, they will be guaranteed a real return of 2%, adjusted for changes in the Consumer Price Index.

Employees will be able to make voluntary contributions to this bank account.

By year end, the pension system is expected to produce about 10 million new bank accounts in Mexico, representing an accumulated $800 million, said the Mexican Investment Board, a joint venture between the Mexican government and a group of Mexican financial institutions. By 2000, some 14 million new accounts will have been opened, representing $9.3 billion, the board estimates.

— *Margaret Price*

BENEFITS

Most firms fund executive plans

■ A majority of sponsors offering non-qualified retirement plans fund the plans rather than operate on a pay-as-you-go basis.

According to a new study by A. Foster Higgins & Co. Inc., New York, 53% of sponsors that offer supplemental executive retirement benefits now fund the plans. The most popular form of funding, corporate-owned life insurance, is being used by 54% of the respondents. Rabbi trusts are used by 43%, and secular trusts, by 3%.

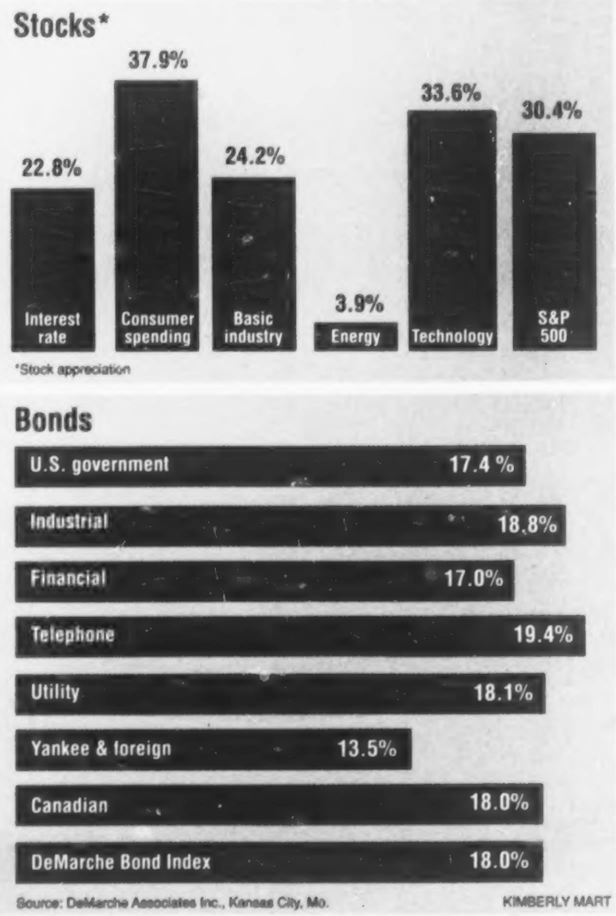
Among companies now using a pay-as-you-go system, 32% are considering adding a funding method. Of those considering funding, or changing their funding method, rabbi trusts are preferred over COLI, 62% to 56%. Twenty-six percent are considering secular trusts, indicating a growing interest in the approach.

Foster Higgins received 237 responses to the survey questionnaire, distributed in July 1991, of which 136 offered non-qualified retirement plan benefits.

— *Elizabeth Karier*

Performance by economic sectors

(For year ended Dec. 31)



Source: DeMarche Associates Inc., Kansas City, Mo.

KIMBERLY MART

CASH MANAGEMENT

Advisers' returns drop at end of '91

■ Short-term investment managers ended 1991 with rates of return only slightly higher than passbook savings accounts as returns slumped to levels not seen for decades.

The median three-month rate of return for managers in the Yanni Bilkey CA$H statistical data base dropped to 5.43% as of Dec. 31, from 8.12% at the end of 1990.

The drop in short-term yields followed the yearlong decline in interest rates and tracked closely the drop in 90-day Treasury bill yields from 7.13% at the end of 1990 to 4.62% at the end of 1991.

Bob Beck, vice president of institutional products at Yanni Bilkey Investment Consulting, Pittsburgh, said short-term managers boosted the average maturity of their portfolios slightly to 48 days at year end from 44 days at the end of 1990 in an effort to boost yields as interest rates dropped.

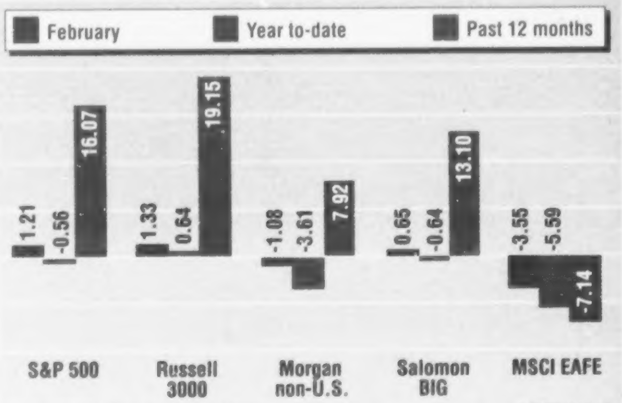
Domestic commercial paper continued to make up the bulk of short-term portfolios at 39%, down from 47% a year earlier. Managers shifted some assets into higher quality instruments such as repurchase agreements, governments and agency securities. Repos made up 10% of the average portfolio, up from 7%; agencies, 7% from 6%; and government securities, 11% from 7%.

The Yanni Bilkey universe consists of 130 short-term asset managers with total assets of $200 billion.

— *Fred Williams*

Pensions & Investments' indexes

The P&I monthly indexes track changes in the Standard & Poor's 500 Stock Index, Frank Russell Co.'s Russell 3000 Stock Index, the J.P. Morgan non-U.S. Government Bond Index, the Salomon Brothers Broad Investment Grade Bond Index and the Morgan Stanley Capital International Europe Australia Far East Index.



Source: Rogers, Casey & Associates and Frank Russell Co.

KIMBERLY MART

PROXIES

Nichols decides to hang shingle

■ Pension plan executives now have another source for proxy voting research and advice.

Investors' Fiduciary Services Inc., Atlanta, is offering proxy management to sponsors. The firm also will provide administrative services in handling proxy votes and various audits for internal review and compliance with Department of Labor and Employee Retirement Income Security Act requirements.

The firm, a joint effort between Camille Nichols and Plexus Group, Santa Monica, Calif., has signed three clients, and has 22 contracts pending. Ms. Nichols was investment policy coordinator and manager of corporate affairs for the Florida State Board of Administration until late 1988, when she left to set up the proxy analysis and voting system for Faulk & Co., New York.

"What I set out to do was create what I couldn't buy as a voter," Ms. Nichols said.

"Our analysis service is similar to what I developed at Faulk," she added, noting that service was based on the system she had devised for the Florida State Board. "What I have done is carried forward those systems and ideas I didn't have time or opportunity to do before."

"What makes us different is our research orientation, which goes beyond anything else available. We put our whole emphasis on research. . . . We're the only company that has someone who was a voter — we can get inside the head of the sponsor."

— *Elizabeth Karier*

Camille Nichols stresses research at her new proxy firm.

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Publishing: May 18th **Advertising Closing: April 20th**

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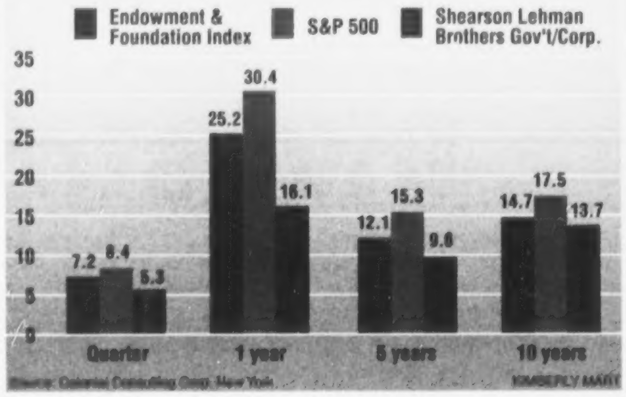
Endowment & Foundation Index

(Returns for periods ended Dec. 31)



Source: Colonial Consulting Corp., New York KIMBERLY MART

PUBLIC FUNDS

ICMA to broaden services offered

■ The ICMA Retirement Corp., which oversees the investment of the $2.4 billion ICMA Retirement Trust, is launching investment management services for public sector defined benefit plans.

Cynthia Hargadon, chief investment officer and vice president, was promoted to senior vice president, reflecting her expanding role in the new program.

The ICMA Retirement Corp., similar in structure to The Common Fund, manages the assets of municipal, county and institutional utility (transit authorities and water districts for example) retirement plans in participant-directed accounts.

ICMA Retirement manages $1.7 billion internally in two guaranteed investment contract funds, and selects and monitors the 12 outside managers that run the assets in seven funds.

The staff has grown in size, to 16 from two people in 1987, and in sophistication, said Ms. Hargadon, who joined the unit in 1987 as director of investments.

With the acquired expertise, she expects more assets to be managed internally in the future. The expertise also will allow the firm to manage the assets of public sector defined benefit plans of less than $100 million through its new investment services unit.

— *Sabine Schramm*

INTERNATIONAL

Irish bank drops pension business

■ ICC, Ireland's state-owned merchant bank, is pulling out of the pension fund management business.

ICC, Dublin, entered the pension market in 1986. It managed only about $85 million (U.S.) for about 200 clients, vs. about $8.5 billion for Irish Life PLC and a market of almost $28 billion.

For the year ended Sept. 1, ICC's First Pension Fund returned −1.23% and its National Mutual Fund gained 0.31%, vs. a 10% average return for other Irish funds.

Getting rid of its embarrassing pension fund management business probably is wise — the Irish government is trying to sell ICC for about $110 million (U.S.), and there have been no takers.

— *Aidan O'Sullivan*

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INTERNATIONAL

Czech program a hit with investors

■ The massive privatization program under way in Czechoslovakia has drawn 8 million investors, staggering officials orchestrating the sell-off of former state-run enterprises.

Investors are being lured by the 10-fold return within a year touted by investment funds and the state, and this has drawn crowds outside the offices of private investment funds. About two-thirds of the population is purchasing vouchers, whereas only a few months ago the prediction was that the citizens of this country, so long used to Communism, would not really understand the program.

Czechoslovakia is selling off a massive $8 billion worth of state enterprises. So far, the sale has been in the form of vouchers, which will become shares once the selling process is completed. There will be bidding for shares that should be completed by the end of March for some companies. The investment firms will use the vouchers to bid and convert vouchers for shares. This should be completed by March for some companies.

The government is to sell off one-half the state enterprises by this summer.

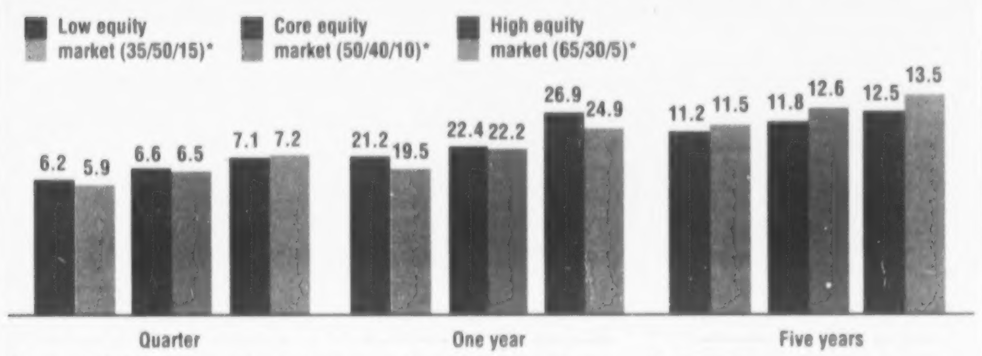
The process has spawned instruments unthinkable in this country only a few years ago. Some 450 private investment funds have mushroomed, offering to invest the vouchers.

The sell-off pace could slow, however, because some snags — such as entangled restitution claims — are arising with some state enterprises.

— Aidan O'Sullivan

GRID balanced universes

(Median percentage returns, periods ended Dec. 31)



*Percentage of S&P 500, Shearson Lehman Brothers Government Corporate and Treasury bill indexes used for this market.
Source: Yanni•Bilkey Investment Consulting, Pittsburgh

KIMBERLY MART

ASSOCIATIONS

Klein takes over at pension group

■ James Klein, deputy executive director at the Association of Private Pension and Welfare Plans, takes over the helm of the association today, succeeding Howard C. Weizmann.

J. Klein

"I think everything will proceed apace without skipping a beat," said Mr. Klein, who joined the APPWP in June 1988 after stints as a lobbyist and a congressional staffer.

Mr. Weizmann, executive director of the APPWP since January 1988, left to become vice president of Aetna Life & Casualty Co.'s Hartford, Conn.-based benefits consulting unit, which provides advice on pension and health issues to Aetna clients.

Mr. Weizmann, who had been benefits manager for Sun Co. Inc., Philadelphia, said he wanted to return to being a benefits professional. "The longer I stay here, I become identified as an association person," he said.

The APPWP is a trade association representing about 430 employers, insurance companies, benefits consultants and other service providers.

— Joel Chernoff

PEOPLE

Corporate funds get new execs for investments

■ American Greetings Corp., Cleveland, and Inland Steel Industries Inc., Chicago, both have new executives overseeing the pension funds.

Dale A. Cable is the new treasurer of American Greetings Corp., and is in charge of the firm's $240 million pension fund.

Annette M. Steinberg is the new manager of pensions and investments at Inland Steel Industries' $2.076 billion pension fund. Ms. Steinberg, previously in the financial accounting department, succeeds Mike Ripey, who has moved to another department at the company.

D. Cable

At American Greetings, Mr. Cable also handles banking, investment, cash management, credit and collection and payroll. He succeeds Eugene Scherry, who retired.

Mr. Cable had been corporate treasurer and assistant secretary for The Standard Products Co., Cleveland. Standard Products has not yet decided on a replacement for Mr. Cable.

— Sabine Schramm

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Mr. Nice Guy rides into the sunset

Funds dropping the quiet approach

By Joel Chernoff

The California Public Employees' Retirement System's decision to release the names of the 12 companies it has targeted for corporate governance changes means the days of "quiet diplomacy" might be numbered.

Quiet diplomacy was heralded as a major evolution in the ways public funds deal with corporate management, but California fund officials now are not so sure.

"The kindler, gentler approach" has not "proved as effective" as the more public route the fund has employed in the past, said Richard Koppes, general counsel for the $67 billion fund.

The California fund's decision to release its list also set the stage for what many were perceiving as a lackluster proxy season. The action "will surely make people take a look at those companies," said Robert Pozen, managing director and general counsel for FMR Corp., Boston. The least responsive companies on the list, according to the fund: Dial Corp., Polaroid Corp. and Control Data Corp.

While still early, some key proxy season issues and votes involving corporate governance are taking shape:

- Executive compensation is the No. 1 issue this season, as it will be the first time shareholder proposals dealing with executive pay have been allowed on the proxy by the Securities and Exchange Commission. While the SEC gave the green light to 10 proposals (one for Grumman Corp. since has been dropped), numerous others might surface before the season is over.

Which ones receive significant support is another question. Experts said institutional investors are likely to support proposals that address the structure of compensation and disclosure of pay but will oppose measures designed to restrict executive pay, such as those sponsored at Baltimore Gas & Electric Co. and Bell Atlantic Corp.

- Stock-option plans, which require shareholder approval, will receive greater scrutiny as institutional investors examine how large a portion of executive pay they comprise, whether they dilute outstanding stock greatly, and whether the exercise price is set below market.

Travelers Corp. Chairman and Chief Executive Officer Edward H. Budd wrote Institutional Shareholder Services Inc. March 18 that the company will comply with the proxy-advisory firm's guidelines of making sure restricted stock is limited to 3% of fully diluted shares.

- Withholding of votes by institutions is expected to rise at poorly performing companies whose policies irk shareholders. ITT Corp. revamped its pay package for Chairman Rand Araskog last year after the California employees' and teachers' funds with-

See **Quiet** *on page 17*

General Dynamics, a defense contractor, is being targeted by the New York City fund over the issue of independent directors.

Non-U.S. proxy issues key on stock value

By Anne Schwimmer

Shareholders in companies around the globe are facing proxy issues that could have a large impact on the value of their stock.

In Japan, shareholder activists are fighting for higher dividend payouts, while in countries like Germany, Switzerland, France and Spain, boards terrified by the prospect of hostile takeovers quietly are trying to limit the amount of stock shareholders are allowed to vote.

In Australia and Canada, boards have proven reluctant this year to force through proposals where a sizable minority stands opposed to them.

"The items that appear on ballots outside the U.S. have proven to be far more important to the value of a stock than many items that appear on ballots here," said Stephen M. Davis, director of the Global Shareholder Service of the Investor Responsibility Research Center Inc., Washington.

"There are not as many high-profile proxy battles outside the United States, but there are more occasions when investors are called upon to vote items which can affect the value of their shares."

Annual meetings in Japan take place at the end of June, with voting proposals only going out to investors 14 days before the meetings. The big shareholder issue this year is dividend payouts, observers said. Japanese companies typically have a lower dividend payout ratio than do companies in other countries, but managements have preferred to keep earnings within the company in *tokkin* — or corporate investment — funds.

"There is a lot of criticism that Japanese companies keep dividends artificially low by world standards," Mr. Davis said.

"The real issue is that Japanese corporations have for years suppressed their earnings. They charge a lot of expenses to corporate reserves," explained Howard D. Sherman, senior vice president at Institutional Shareholder Services Inc., Washington. "It's this big gaping pot of accumulated earnings."

According to Mr. Davis, Japanese institutions have been very vocal on this issue. "There has been a lot of criticism of managements in the press, and in the financial community there are increasing threats among large Japanese institutions about just unloading stock where dividends are low," he said.

But the California Public Employees' Retirement System, which sided with investors seeking to boost Japanese companies' dividends last year, will not be doing so this year, said Jose Arau, the fund's principal investment officer-corporate relations.

"Last year we kind of jumped the gun on that. We voted against some firms which had a dividend payment which was very low. This year we are rethinking that policy," Mr. Arau said. "It would be nicer if dividends were higher; however, that's up to the companies to decide."

According to Mr. Sherman of ISS, the payout issue is more likely to be resolved by the Japanese Ministry of Finance than by the companies themselves through the proxy process — if any action is taken at all. He said it would only take "a small gesture" on the ministry's part to change the situation and added that without such a gesture, any voluntary action by the companies is unlikely.

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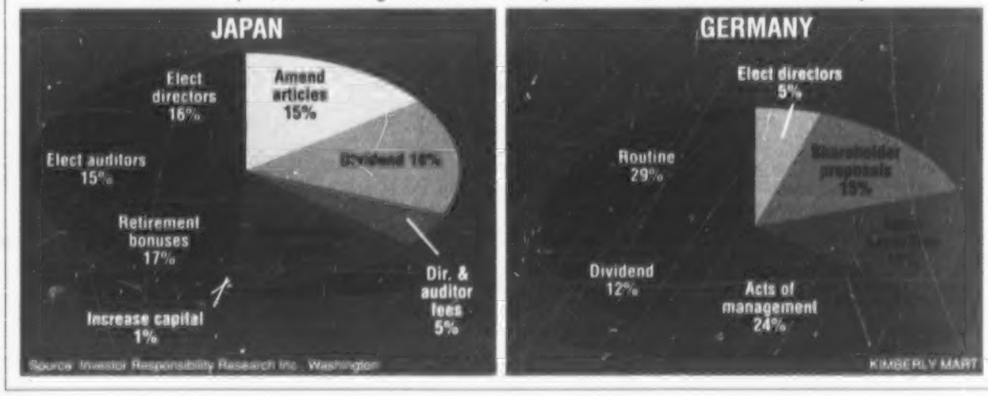
Proxy issues in Japan and Germany
(% of proposals submitted)

These statistics reflect the 1991 proxy seasons, the most recent data available for the countries, whose proxy seasons reach their zeniths in June. For 1992, experts predict dividend payouts will continue to be at issue in Japan, while voting limitations are expected to be a hot ticket in Germany.



Source: Investor Responsibility Research Inc., Washington

KIMBERLY MART

Social issues won't be swept out

By Anne Schwimmer

Pressure to abide by the MacBride Principles proved too much for TRW Inc.

Challenged by activist shareholders who wanted TRW to adhere to the principles, the company sold off its Northern Ireland operation when faced with a proxy battle.

Martin A. Coyle, TRW's executive vice president, general counsel and secretary, said the principles, which are designed to fight discrimination in employment of Catholics in Northern Ireland, are unworkable.

"We totally support equal opportunity but we could not legally support the MacBride Principles. We did not think they could be implemented," Mr. Coyle said to explain the sale of the plant several years ago. "It was a reason we did, in fact, sell that operation. (Trying to meet the MacBride Principles) was costing us a significant amount of money, and it was not that big of an operation."

TRW is not the only corporation that has been faced with a burgeoning number of social proxies in the past few years. This year, the IRRC estimates there should be about 180 social proxies on the ballot. Last year, there were 210 and in 1990, there were 170.

Ethically oriented investors like church groups regularly back resolutions to do with South Africa involvement, Northern Ireland operations, environmental issues, military issues, tobacco sales, affirmative action, political contributions, and more, every proxy season.

But corporations, and many institutional investors, argue burdening companies with such requirements creates an unconscionable drag on earnings.

Corporations, led by the American Society of Corporate Secretaries, are on the offensive, asking the Securities and Exchange Commission to tighten the shareholder proposal provisions of Rule 14a-8 of the Securities Exchange Act of 1934.

In an address to SEC commissioners in February, Donald Fried, a member of the ASCS, argued social proxies "may in fact overwhelm or subvert the entire proxy process." Mr. Fried is a partner at Hunton & Williams, a New York law firm.

"What is really at issue is the use of the corporate boardroom and the shareholder's meeting to further the goals of particular activist groups to get attention for their views. . . . These are public policy issues that should be settled in a political forum," he said.

In contrast, the Interfaith Center on Corporate Respon-

See **Social** *on page 19*

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Global

Continued from page 16

On the Continent, corporations are very concerned about the potential for hostile takeovers, with executives' worries heightened by the battle taking place now over Swiss-based Nestle S.A.'s bid for Exor S.A., the French maker of Perrier.

In Germany, voting limitations are a big shareholder issue. Many German companies have included in their bylaws provisions that place a ceiling on the amount of shares stockholders are allowed to vote. A similar situation exists in Switzerland.

"It's an anti-takeover precaution, to put it mildly," the IRRC's Mr. Davis said.

There have been more shareholder proposals seeking to remove those restrictions in Germany. More are promised during the upcoming proxy season, which starts in April but doesn't heat up until June.

Many U.S. stockholders never learn of these important proposals, according to Mr. Davis. He explained a number of such proposals are made as so-called counterproposals, many of which mysteriously vanish before they get to the U.S. investor. "It's entirely possible that a German company would assume, conveniently for themselves, that American investors wouldn't understand and would not be interested in counterproposals," said an observer. "Short of attaching myself by Velcro, I'm not going to know where they get lost."

Counterproposals vary in importance. In agenda for the meeting of Deutsche Bank AG, for example, every item has a counterproposal, and they range from dividend payout levels to loans to Eastern Europe and the sale of military equipment to Iraq.

The issue of restricting shareholder rights also is proving to be an important one in Spain. "We're seeing ballot after ballot with proposals by management to restrict shareholders rights," Mr. Davis said. He said Spanish companies are trying to conform to European Community standards, but while doing so are taking the opportunity to rewrite their bylaws to slip in proposals that would create non-voting shares.

A management proposal by Banco Santander, a Spanish bank, seeks to limit the amount of stock that a shareholder is allowed to vote to 10% of his or her holdings. "We're going to see quite a few of those," say Corinna Arnold, senior analyst at the IRRC's Global Shareholder Service.

Also putting shareholders at a disadvantage are routine requests by Swiss companies — and routine approval by shareholders — that shareholders absolve management for responsibility for all of their acts during the previous year, Mr. Davis said. He explained that while such proposals are routine in Germany and France, only in Switzerland have they been proven to have legal weight.

"If a shareholder votes for that, their giving away their right to sue management," he said.

Interestingly, proxy fights in both Canada and Australia have proven companies there to be responsive to minority stakeholders demands.

In Canada, management at Trizec Corp. Ltd. withdrew a proposal that would have diluted the voting rights of minority shareholders and rewrote another that would have offered executives discounted stock options. There was "no question of minority shareholders ever prevailing" because the Bronfman family controls 60% of the stock, Mr. Davis said, but changes were made in the face of strenuous objections by Canadian investment advisers.

Similarly, Australia's Westpac Banking Corp. withdrew a proposal to increase directors' compensation when faced with 25% opposition. "They didn't want to antagonize" that large a percentage of the company's shareholders, Mr. Davis said.

Meanwhile the European Community is struggling to confront shareholder rights issues, observers said. The EC has before it two proposals that would create a one-share/one-vote system, but approval has been delayed over a period of years because many Eu-

See **Global** *on page 19*

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Low yields, insurer woes take toll on GICs

Allocations slowly losing ground to other asset classes

By Fred Williams

Defined contribution plan allocations to GICs have dropped as much as 13 percentage points because of low yields and growing fears of insurers' financial and credit problems.

The shift is not a stampede, but rather a gradual trend, sparked by heightened concerns about insurance company credit quality and solvency and a soaring stock market that makes guaranteed investment contracts less attractive.

Some experts believe the trend could reverse itself if the equity market runs into trouble in months ahead.

Others believe insurance contracts never will regain the lost market share because employers have stepped up efforts to educate employees about long-term investment trends and retirement planning, which favor equities.

Consider the mounting evidence regarding GICs in 1991:

- *Pensions & Investments'* survey of the largest 200 pension for 1991 shows GICs declined as a percentage of defined contribution plan assets to 28.4% from 34.7% in 1990.
- A Greenwich Associates survey, due out soon, found GICs have dropped steadily as a portion of defined contribution plan assets to 30.7% in 1991, from 36% in 1988 and a peak of 39.4% in 1989.
- A Buck Consultants survey of its client base showed GICs declining as a portion of defined contribution plan assets to 50% in 1991 from 61% in 1988 and 63% in 1989.
- A 1991 Hewitt Associates study showed that while GICs remained the most popular option in 401(k) plans, the percentage of employee contributions declined to an average of 59% in 1991 from 64% in 1988.
- The International Foundation of Employee Benefit Plans found that 29% of companies with participant-directed defined contribution plans reduced, or intend to reduce, their holdings of GICs because of solvency concerns. Nearly one in 10 eliminated or intend to eliminate GICs as an investment option.
- A survey by A. Foster Higgins & Co., New York, found that during the fourth quarter, 33% of employers whose GIC contracts matured by the end of the quarter likely would not reinvest any of the assets in GICs.

More than one-fourth of employers who are reinvesting some or all of their maturing contracts are reinvesting in synthetic GICs, another 27% planned to reinvest assets into short-term funds, and 18% said they would reinvest in other options, including balanced funds and mutual funds.

Plan sponsors are doing whatever they can to cut their exposure to GICs, said Myra Drucker, staff vice-president and director-trust investments at International Paper Co., Purchase, N.Y.

Ms. Drucker made her comments at a recent meeting in New York sponsored by the GIC Association.

Of the pension funds holding $800 million in GICs from failed Executive Life Insurance Co. that have banded together to form the Group Annuity Participant Protection Association, "50% of our members have not bought a single GIC since the Executive Life situation began to unfold," Ms. Drucker said.

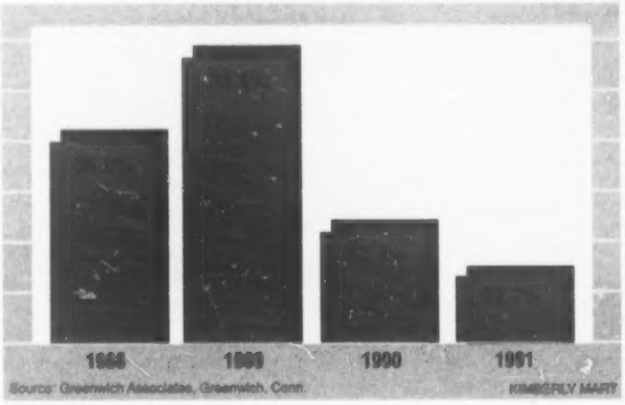
She said the insurance industry's lack of support in sponsors' efforts to resolve GIC issues arising from Executive Life had shaken pension executives' faith.

"We're out there groping in the dark, we're saying to the insurance industry, 'Where are you?' " Ms. Drucker said.

Said Brian Ternoey, principal in charge of Foster Higgins investment consulting services group, New York: "Many employers no longer perceive GICs to be the perfect investment vehicle, and so they are looking at alternatives.

"Quite a bit of money is still going to traditional GICs," said Mr. Ternoey. "However, the increase in alternative investments is quite dramatic, though still focused in 'stable' return alternatives."

GIC allocations in defined contribution plans



Source: Greenwich Associates, Greenwich, Conn.

KIMBERLY MART

While many industry sources claim that the assets taken from guaranteed investment contracts went largely into the equity market in 1991, the Greenwich and Hewitt data seem to indicate a gain in other fixed-income investments.

Defined contribution clients at The Vanguard Group Inc., Valley Forge, Pa., shifted their assets away from GICs at a minimal rate — two to six percentage points during 1991 — and mostly into equity and balanced funds, said Michael Odlum, director of GIC services. He noted some "anecdotal evidence" that exchanges out of GICs had increased in recent weeks.

According to the Greenwich data, bonds increased as a percentage of defined contribution assets to 11.9% in 1991 from 7.2% in 1988.

Hewitt data show fixed income increasing to 23% of 401(k) contributions in 1991 from 21% in 1988; short-term or money market instruments increased to 24% in 1991 from 19% in 1988.

Others see signs that employer efforts to educate participants on investing for retirement might be starting to work.

"Movement out of GICs is a long-term trend that executives managing pension benefits are stimulating by focusing employee participants on long-term retirement needs, which are better served by equities or a combination of equities and bonds," said Carson Powers, managing director of R.S. Carmichael & Co., a White Plains, N.Y., management consulting firm. A recent Carmichael survey of 150 plan sponsors, said Mr. Powers, demonstrates "a clear trend is under way away from GICs."

Jason Psome, principal at Brentwood Asset Advisors, a GIC consulting firm in Santa Monica, Calif., estimated up to 30% of guaranteed product placements in 1991 were non-GICs.

The shift, said Mr. Psome, "represents a combination of the rising equity market in 1991 and tanking yields for GICs, which was more the cause than the perceived problems in the insurance industry."

Mr. Psome vehemently denied the GIC market might be on the decline; instead, the market is evolving toward newer products such as separate account GICs, synthetics and GIC/bond funds, he said.

Foster Higgins' Mr. Ternoey said that while insurers' GIC business "certainly isn't growing," the insurance industry isn't giving up.

Most of the large insurance carriers and GIC issuers are lining up — along with banks, brokerage firms and investment organizations — to offer asset-backed GIC alternatives and synthetics. ▪

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Global

Continued from page 19

the community view," she explained. "It's very hard to say when this will pass. (The resolutions) have been before the council for many years."

U.S. institutional investors are only starting to become more active in voting foreign shares. Only a limited group of U.S. institutions — including the California employees fund and GE Investments — are active in voting foreign shares.

"There are a lot of barriers to U.S. investors voting overseas. It's been a real struggle in order to get the information," said Judy Studer, senior vice president-equities at GE Investments.

Although pension funds and their money managers are required by the Labor Department to vote on proxy issues here in the United States, it is not yet clear that they are required to vote their foreign shares as well.

"The question about U.S. pension funds' and money managers' obligation to vote their non-U.S. shares has never been addressed, so most people in the industry are taking a cautious approach," said Mr. Sherman.

Also, getting annual meeting materials alone can prove quite difficult for U.S. investors.

Mr. Arau at the California employees fund says the fund intends to vote all of its Japanese shares this year, despite big hurdles to doing so.

"Foreign subcustodians are not diligent enough in mailing the proxy materials to us," he explained. "Also, what happens sometimes is that foreign regulations regarding disclosure are not too favorable to shareholders. Japan has only 14 days between the disclosure of the meeting and the meeting," he said, noting the material has to wind its way through the mail system, then be translated and, finally, read.

"It's not easy." ▪

Additional firms profiled

The information contained in this addendum to the minority- and women-owned financial firms directory was obtained from questionnaires sent to the firms.

Unless otherwise noted, firms profiled are at least 51% owned by minorities or women.

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Conus & Nicholson Inc.

800 W. 47th St., Suite 101, Kansas City, Mo. 64112; (816) 931-5757

Conus & Nicholson Inc., founded in 1988, offers investment management.

It has $83 million under management in fixed-income and balanced accounts. The equity strategy is active, taking a top-down approach with a value emphasis.

The fixed-income strategy is active and top down, using interest-rate anticipation. The firm forecasts interest rate trends by analyzing monetary policy as reflected by the Federal Reserve balance sheet, U.S. government fiscal policy, the volume of new debt issues and the underlying inflation rate. Government-guaranteed securities and corporate issues rated A or better are used primarily.

The firm is 50% owned by a woman.

Key professionals at the firm, and their years of experience, are Ronald L. Conus, chairman, 19 years, and Jennifer D. Nicholson, president and managing director, 10 years.

Draper/Computime Asset Management

34 Deer Path, Quogue, N.Y. 11959; (516) 653-9156

Draper/Computime Asset Management, founded in 1991, offers investment management.

It has $80 million under management in equity accounts. The firm uses an active, market-timing approach using S&P 500 stocks, T-bills and index futures based on flow-of-funds analysis.

Key professionals at the firm, and their years of experience, are James F. Draper, chairman, 35 years, and David M. Levin, president, 35 years.

Garner Asset Management

111 Center St., Suite 2110, Little Rock, Ark. 72201; (501) 688-2550

Garner Asset Management Corp., founded in 1991, offers investment management.

It has $180 million under management in fixed-income accounts, employing a fundamental credit analysis approach.

The firm's investment process is implemented through intensive in-house credit and risk/return analysis. Individual security selection and relative value analysis are the key aspects.

The firm is affiliated with Analytics Inc.

Key professionals at the firm, and their years of experience, are Rebecca H. Garner, chief investment officer; Carl E. Pellegrini, director of economic and technical analysis, 25 years; and Glenn E. Atkins, director of research, 5 years.

Hamilton Lane Advisors

401 City Line Ave., Suite 400, Bala Cynwyd, Pa. 19004; (215) 660-5039

Hamilton Lane Advisors, founded in 1991, offers alternative investment consulting and advisory services.

The firm assists plan sponsors in developing, implementing and monitoring alternative investment programs. The firm's principals have more than 40 years of hands-on experience in merchant and commercial banking, private placements, institutional investment, financial and operational management.

Key professionals at the firm, and their years of experience, are Leslie A. Brun, principal, 17 years; Kelly A. Moylan, principal, 11 years; John W. Brown, principal, 18 years; and Marcia S. Kennedy, vice president, 12 years.

Howard and McInnes Inc.

248 E. Capitol St., Suite 820, Jackson, Miss. 39201; (601) 948-0952

Howard and McInnes Inc., founded in 1989, offers investment management.

It has $2 million under management in equity accounts, using a bottom-up, low p/e, value-oriented strategy. In its contrarian approach, the firm seeks temporarily out-of-favor, undervalued situations that possess superior total return potential.

Key professionals at the firm, and their years of experience, are Judith B. Howard, president, 15 years, and Robert W. McInnes, chairman, 33 years.

IBEX Institutional Advisors

2720 Coral Way, Miami, Fla. 33145 (305) 447-8697

IBEX Institutional Advisors, founded in 1990, offers real estate advisory and management services.

It has $120 million under management in real estate accounts.

The firm uses a counter-cyclical investment approach in the acquisition of high-quality, temporarily undervalued properties. Increased capital appreciation is emphasized by enhancing the value of underperforming assets through an aggressive acquisition and management strategy in fundamentally strong markets that are exhibiting a supply-demand imbalance.

Key professionals at the firm, and their years of experience, are Jose F. Rosado, chief executive officer, 19 years; Debbie Bruckner, chief operating officer, 19 years; Elmer Tague, chief financial officer, 34 years.

The Joseph Group

644 Forest Road, Glenview, Ill. 60025; (708) 729-8980

The Joseph Group Ltd., founded in 1989, offers investment management.

It has $20 million under management in equity accounts following an active, top-down approach with an emphasis on growth and value. The firm balances capital preservation and growth in order to outperform the S&P 500 over a full market cycle with less risk.

The key professional at the firm is Diana J. Joseph, portfolio manager, with 13 years of experience.

Lakefront Capital Investors

4000 Chester Ave., Cleveland, Ohio 44103; (216) 391-7900

Lakefront Capital Investors Inc., founded in 1991, offers equity investment management using a bottom-up, value approach.

The firm's affiliation with Roulston & Co. provides it with access to Roulston's research and back-office capabilities. The firm also consults with Roulston's investment professionals.

The key professional at the firm is Nathaniel Carter, president and chief investment officer, with 9 years of experience.

New Amsterdam Partners

475 Park Ave., New York, N.Y. 10016; (212) 689-1500

New Amsterdam Partners L.P., founded in 1986, offers investment management.

It has $150 million under management in equity accounts using a bottom-up, value approach to domestic stock investing.

The firm screens a universe of 6,500 companies to find those with complete accounting and price data, adequate trading liquidity and five-year analysts' estimates. The top 100 stocks based on expected returns are chosen, making sure there is representation from each economic sector. Portfolios hold between 35 and 40 stocks.

Key professionals at the firm, and their years of experience, are Michelle Clayman, chief investment officer, 15 years; Keith Graham, director of operations, 12 years; Abigail Laufer, director of marketing, 11 years; and Robert Thomas, portfolio manager, 24 years.

PCS Securities Inc.

1809 Seventh Ave., Suite 1710, Seattle, Wash. 98101; (206) 224-9848

PCS Securities Inc., founded in 1987, offers securities brokerage.

The firm offers third-party, soft-dollar brokerage services and research. It has capabilities in equity, fixed-income, options and international securities trading.

Key professionals at the firm, and their years of experience, are Susanne Pruitt, president, 10 years; Randy Hill, director, 23 years; Bob Potrella, vice president-marketing, 8 years; Edward Goodman, research sales, 4 years; and Alison Wathne, research sales, 7 years.

Pena Investment Advisors

1200 17th St., Suite 1250, Denver, Colo. 80202; (303) 572-6888

Pena Investment Advisors Inc., founded in 1991, offers equity investment management.

The firm offers small-cap growth and value products. Both approaches combine quantitative and qualitative analysis, using computerized screens to reduce the universe of stocks.

Key professionals at the firm, and their years of experience, are Federico Pena, chief executive officer and president; Jose Santilian, portfolio managers, 12 years; Larry Valencia, portfolio manager, 13 years; and Mike Barela, senior vice president-marketing, 9 years.

Prime Asset Management

40 W. 57th St., 15th Floor, New York, N.Y. 10019; (212) 315-4200

Prime Asset Management Corp., founded in 1988, offers investment management.

It has $500 million under management in equity, fixed-income, TAA and market-neutral accounts. Passive, active and enhanced index fund management are offered for both equities and fixed income. Its equity approach focuses growth and value. Its fixed-income approach uses interest rate anticipation. The investment approach is quantitatively based.

Key professionals at the firm, and their years of experience, are Pamela Clement, chairman, 17 years; Robert Groden, president, 26 years; and Abraham Branchtein, managing director, 30 years.

RCB Trust Discovery-I

29 Federal St., Stamford, Conn. 06901; (203) 977-7000

RCB Trust Discovery-I, founded in 1991, offers investment management.

The trust, a commingled equity fund using three women- or minority-owned investment management firms, has $33 million under management. The fund is offered by RCB Trust Co., a manager of managers.

Key professionals at the firm, and their years of experience, are William H. Clarkin, vice president-investments, 12 years; Elizabeth A. Knope, vice president-investments, 18 years; William L. Green, executive vice president-investments, 16 years; and Robert D. Furnari, investment analyst, 8 years.

Robert Van Securities

1980 Mountain Blvd., Suite 214, Oakland, Calif. 94611; (510) 339-7400

Robert Van Securities, founded in 1991, offers securities brokerage.

The firm has expertise in U.S. government and agency securities, foreign equities and domestic small-cap equities.

Key professionals at the firm, and their years of experience, are R. Neil Cheatham, chairman, 9 years, and Eric Van Standifer, chief executive officer, 10 years.

Rosenblum-Silverman-Sutton

1388 Sutter St., Suite 725, San Francisco, Calif. 94109; (415) 771-4500

Rosenblum-Silverman-Sutton, founded in 1975, offers investment management.

It has $182 million under management in equity and balanced accounts. The equity strategy is domestic growth using a top-down approach. The fixed-income strategy is passive.

The firm focuses on high-capitalization stocks and quality bonds, with in-house research used to determine timing and allocation decisions.

Key professionals at the firm, and their years of experience, are Barbara G. Rosenblum, portfolio manager, 30 years; Phyllis R. Sutton, portfolio manager, 30 years; Vera L. Silverman, 30 years; Mary Raymond, director of research, 15 years; Suzanne Griffith, portfolio administration and trader, 15 years; and Paula Helm, portfolio administration and trader, 5 years.

Seneca Capital Inc.

299 Madison Ave., Morristown, N.J. 07962; (201) 285-7500

Seneca Capital Inc., founded in 1992, offers investment management.

It has $1 billion under management, in equity and cash accounts. The domestic equity strategy is value-oriented, using a bottom-up approach. The firm combines the long-term performance benefits of value with a pragmatic view of short-term earnings prospects. The portfolios have low price-earnings ratios on long-term projections and positive short-term earnings momentum.

The firm is affiliated with First Quadrant Corp.

Key professionals at the firm, and their years of experience, are Susan E. Saltus, president, 15 years; Sandi H. Sweeney, managing director, 11 years; Claudia K. Tiger, managing director, 18 years; Jeanette M. Carey, vice president, 11 years; Maria McNiece, corporate secretary, 13 years; Cathy Y. Duffany, associate, 4 years; and Patrick J. Tuohy, vice president, 9 years.

The Taggart Co. Ltd.

9720 Wilshire Blvd., Beverly Hills, Calif. 90212; (310) 205-0107

The Taggart Co. Ltd., founded in 1981, offers securities and futures brokerage.

The firm clears international equities and fixed income through Bertrand Michel Securities Inc., a member of Credit Agricole Group, and Kim Eng Securities (Pacific Basin); domestic equities and fixed income through Prudential Bache Capital Institutional Services Inc.; and cash currencies and futures through Refco Inc.

Key professionals at the firm, and their years of experience, are Sondra Taggart, registered principal and president, 12 years, and Ellen Barney, registered principal, 6 years.

Tanaka Capital Management

230 Park Ave., Suite 1432, New York, N.Y. 10169 (212) 490-3380

Tanaka Capital Management Inc., founded in 1986, offers investment management.

It has $89 million under management in equity accounts, following an active, bottom-up approach that emphasizes growth and emerging growth stocks. The firm is a research-intensive, long-term investor that seeks superior earnings growth companies.

Key professionals at the firm, and their years of experience, are Graham Y. Tanaka, president, 18 years; Robert L. Grant, senior research analyst, 20 years; and Allison W. Marshall, marketing/client services, 12 years.

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Pensions & Investments

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AT DEADLINE

PBGC seeks simplification

The PBGC proposed changes last week to simplify the rules under which defined benefit plans pay premiums. The proposals would eliminate early filings for plans with between 500 and 5,000 participants and extend the premium due date for all plans. The proposals also would cut employers' administrative costs.

Retirees to appeal decision

Blue Cross of California retirees who sued their company for improperly selecting annuities from Executive Life Insurance plan to appeal a federal district court's decision to dismiss their suit. The decision last month was the first court ruling in suits brought against employers that terminated overfunded pension plans and then bought annuities from Executive Life.

SEC member endorses plan

SEC Commissioner Mary Schapiro endorsed a proposal to ease election of minority directors to boards.

She favors a plan to allow shareholders to propose their own directors without fighting over corporate control. Shareholders would be allowed to incorporate on their own ballots the names of some of management's nominees for the board with dissident candidates.

She also said the SEC expects to re-propose its proxy reform rules by late spring, with final approval possible in the fall.

Money managers hired

- The $55 million **Tennessee Farmers Cooperative Pension Fund** hired two equity and two fixed-income managers.

Montag & Caldwell and City

Continued on page 40

INSIDE

AP/WIDE WORLD PHOTOS

Saving Mother Earth

Environmental issues are becoming more important to institutional investors, who have sought changes in corporate practices through proxy resolutions and are investing in 'green' funds. Page 3.

Investors cheer GM shake-up

MICHAEL A. MARCOTTE

John Smale, the new chairman of General Motors' executive committee, now is a much more influential force at the company.

Directors 'have a job to do'

By Joel Chernoff

The shake-up at General Motors Corp. sends a clear message to corporate America that outside directors can play a major role in steadying a company that has gone adrift, shareholder activists say.

And although institutional shareholders weren't behind the GM board's move to reshuffle the executive suite, they deserve credit for creating the environment that encouraged change at the behemoth company, observers said. Shareholder activists have been pressuring GM for at least five years.

"The shake-up at General Motors demonstrates that non-executive directors can be shareholder watchdogs rather than the chairperson's poodles," said New York City Comptroller Elizabeth Holtzman. Her office oversees the $41 billion New York City Employees' Retirement System, which holds 3.7 million shares of GM common stock.

Richard Koppes, general counsel for the $68 billion California Public Employees' Retirement System, Sacramento, said the events at GM last week "send a very, very dramatic message to corporations that independent directors have a job to (do)." The California fund, which has pressed for changes at GM for two years, holds 4.3 million of the company's stock.

What is particularly striking is that independent directors, holding 11 of 15 board seats, made the changes absent a takeover or restructuring proposal, several analysts said. That bodes well for directors taking a more aggressive posture in corporate affairs and would dispel the image of them as meek and mild followers of the chief executive officer.

Independent directors at GM, led by former Procter & Gamble Co. Chairman and Chief Executive Officer John G. Smale, removed GM Chairman Robert C.

See **GM** *on page 40*

Custody price war looms over banks

Will rivals match State Street's fees?

By Steve Hemmerick

State Street Bank and Trust Co.'s competitors fear the bank is launching a custody and trust business price war just as bidding for several multibillion dollar global custody contracts begins.

Such a battle would affect not only public and corporate pension funds, but also mutual funds, insurance companies and virtually every other institutional investor needing custody, accounting or financial reporting services.

When State Street launched a similar price war with international indexing for large accounts, fees were lowered permanently.

Competitors' new fears stem from State Street's shockingly low — and successful — bid of a little more than half a basis point annually for a five-year contract to handle the $68 billion California Public Employees' Retirement System's domestic and global custody business.

"Everybody was shocked" by State Street's custody bid, said Michael Borkan, vice president in the master trust/custody division at Bank of New York.

"Holy mackerel! What are they (State Street bidders) counting?" asked an executive with a major New York trust bank who didn't want to be identified. He said he couldn't figure out how State Street executives were determining their costs.

State Street, in part, might be banking on its abilities in the global custody arena to make the California funds' business pay off. With domestic custody prices at or near rock-bottom prices at most banks, most competitions generally are won or lost because of the pricing for international services.

After State Street, the next lowest fee was from Bank of New York, which submitted a bid of about one basis point. Boston Safe Deposit and Trust Co., the incumbent in the contest, bid a little less than two basis points.

The difference in bids means the California employees' fund could save almost $41 million in custody costs over five years by going with State Street.

With a similar low bid, State Street renewed its contract with the $34 billion California State Teachers' Retirement System.

In a determined attempt to win the California Teachers' custody business, Bankers Trust Co., New York, the other finalist, tried to top the State Street fee at the last moment. Fund trustees, however, reminded Bankers Trust that no

See **Custody** *on page 43*

What pension execs earn

Fund size	Salaries			
Corporate	High	Median	Mean	Low
To $500 mil.	$218,000	$89,750	$101,461	$46,000
$501-$1,000 mil.	240,000	101,750	113,246	62,800
$1,001-$2,500 mil.	263,000	95,000	101,242	47,000
$2,501+ mil.	320,000	140,000	149,718	74,500

JOHN SMITHER

Corporate executives receive 4.4% raises

By Michael J. Clowes

Salary increases for corporate pension executives for 1992 were slightly better than inflation, but executives at public pension funds lost purchasing power on average while Taft-Hartley fund executives broke even.

Tables of salaries by fund size and type begin on page 20.

Corporate pension executives received average salary increases of 4.4% for 1992, a *Pensions & Investments* survey shows, slightly more than the 1991 Consumer Price Index increase of 3.1%.

Public fund executives received average increases of only 2.7%. Taft-Hartley fund executives received increases averaging 5.3%, but this figure was distorted by the 11.9% average increases granted to executives at the very largest union funds.

For corporate executives, the largest salary increases — averaging 4.9% — were gained by executives at funds with assets exceeding $2.5 billion.

For public employee funds, the largest increases (averaging 4.3%) were gained by executives of funds with assets ranging between $1 billion and $2.5 billion.

Excluding increases for the executives at the very largest funds, the salary increases for Taft-Hartley fund executives exactly matched the CPI increase of 3.1%.

Corporate pension executives who manage money internally earn substantially more on average than their peers who do not, the *P&I* survey showed.

The median 1992 salary for a corporate pension executive managing money internally, the sur-

See **Salaries** *on page 26*

NEWS DIGEST

AT&T employees and those at nine other companies have hired at their own expense a consulting firm to advise them on asset allocations for their 401(k) accounts. Page 42.

Institutional investors are in the crossfire of lobbying efforts over interstate branch banking. Page 4.

The District of Columbia Retirement Board is fighting proposals to cut the city's pension contribution and force the system to pay administrative expenses. Page 6.

Investors believe continued opportunity for strong equity performance lies with the smallest of the small — mini-cap or micro-cap stocks. Page 27.

Ronald Reagan should get an Oscar for his performance as the labor leader critical in the formation of pension funds covering the movie industry. Page 38.

SPECIAL REPORT: THE COMPLETE PENSION EXECUTIVE

The role of the pension executive is evolving from caretaker of a sleepy job to a key financial manager in a distinct career path. Page 19.

As pension executives' jobs grow more complex and visible, the effect on individuals runs the gamut from sterling success to dreary disappointment. Page 25.

FINANCING

Institutional investors are looking with curiosity but some skepticism at a new $100 million equity-linked note issue by Hewlett-Packard. Page 41.

INTERNATIONAL

Robert Maxwell's Mirror Group Newspapers PLC has agreed to create two new pension plans. Page 2.

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International survey out

Questionnaires for *Pensions & Investments'* annual survey of international managers have been mailed. The completed forms must be returned by May 9. A directory of international managers will be published June 22. If you would like to receive a questionnaire, or if you have any questions, contact Karen Waters, directory coordinator, at (312) 649-5240.

Caterpillar alters benefits

Pension and health issues part of impasse with UAW

By Curtis Vosti

PEORIA, Ill. — Caterpillar Inc. boosted pension benefits 3.2% this month, and intends to cut retiree health costs beginning July 1 in the absence of a collective bargaining agreement with its unionized workers.

The six-month labor dispute reached a critical point last week as Caterpillar began advertising for replacements for the 12,600 workers now on strike.

The two sides have been at an impasse since Oct. 1, when the company's contract with the United Auto Workers expired. Wages, health care and pensions are among the sticking points.

In November, 400 UAW members went on strike; within a week, the company locked out 3,500 workers at its East Peoria, Ill. sites. In February and March, another 3,500 workers went on strike.

Starting April 1, the company instituted the boost in pension benefits it first offered in February. The basic retirement package increased pension benefits to $31.45 per month per year of service, up from $30.45. On Jan. 1, 1993, it plans to boost those benefits another 5%, to $33 per month per year of service.

Early retirement options, available to those who have worked 30 years at the plant, also were raised beginning April 1, to $1,800 per month from $1,600 per month.

Caterpillar also intends to implement programs designed to control its retiree health costs. Beginning July 1, all employees and retirees have the option of using a managed care health network through one hospital or face a 30% premium on health care costs. Currently, workers and retirees have unlimited health care coverage.

Rich Atwood, a UAW International representative in Peoria, declined to comment on the union's positions on these issues.

But Caterpillar officials heard from angry shareholders and their representatives at its board meeting last week. Jack Marco, president of Marco Consulting Inc., a Chicago firm that consults to union pension funds owning Caterpillar shares, told the board he would like the strike settled.

He said with replacement workers, Caterpillar wouldn't be prepared to take advantage of an economic turnaround, which would cause continued losses to the company and its shareholders. ■

Fund's ex-directors' investments probed

Washington state appoints investigator

By Curtis Vosti

OLYMPIA, Wash. — The attorney general of Washington state has appointed a staff investigator to look into a newspaper's allegations that two former executive directors of the Washington State Investment Board may have violated state law by personally investing — and reaping profits — in stocks in which the board also invested.

Attorney General Ken Eikenberry took the action last week after Dan Grimm, investment board chairman and state treasurer, requested the appointment of a special prosecutor to look into the possibility of conflicts of interest or insider trading violations.

An April 1 copyrighted story in the Seattle Post-Intelligencer said former directors James Hitchman and David Weig invested personally in at least seven stocks that the board had invested in through its $376 million venture capital commitment.

The story appeared only after the newspaper went to court to force the State Investment Board to disclose the individual stock holdings of its venture capital managers. Once successful, they cross-matched the managers' holdings with those of Messrs. Hitchman and Weig.

Mr. Hitchman was executive director from the board's inception in 1981 to 1988, when he left for a higher paying job at Hotchkiss and Wiley, a Los Angeles money management firm. Mr. Weig succeeded him, moving up from deputy director, until he resigned in 1991. Mr. Weig now runs his own consulting business.

Mr. Hitchman wouldn't return phone calls. Mr. Weig denied any wrongdoing.

"I welcome the investigation. I have broken no laws," Mr. Weig said. "I voluntarily disclosed my assets."

Mr. Weig said his investments were made with publicly available information, and any insinuations of insider trading are based on a misunderstanding of the insider trading law and of the state board's role in its venture capital investments.

State criminal and civil law and administrative regulations prohibit officials from personally benefiting from confidential information gained as a result of their positions.

Washington has had a disclosure law since 1972, almost 10 years before the investment board existed.

In 1987, the investment board implemented policy requiring its board, executive directors, deputy directors and senior staff to disclose personal investments. Mr. Weig disclosed his holdings to the state's Public Disclosure Commission until his departure. Mr. Hitchman had filed disclosures from 1977 through 1985. In 1989, the state brought the investment board and its executive director under state disclosure laws.

The allegations largely center around the men's personal investments between 1984 and 1986 in Miniscribe Corp., Denver. The investment board also bought stock in Miniscribe and six other companies through four venture capital funds — Phoenix Partners of Seattle, a venture capital fund run by John Hancock Venture Partners; Energy Recovery Fund of Rockville, Md.; and the state's own $25 million Evergreen fund.

Mr. Hitchman reported his investment in Miniscribe in his last disclosure, dated April 15, 1985, which indicated an investment in 1984 of between $5,000 and $10,000.

Mr. Weig said he bought some of the stocks before and some after the board's investments. He acknowledged he used public information that he had easier access to than the average person because of his position. But he said he had no influence over the board's decision to invest in the stocks, because the board didn't choose the stocks. The board essentially invested in a blind pool.

See **Probe** *on page 39*

AP/WIDE WORLD PHOTOS

The late Robert Maxwell's Mirror Group pension funds have new trusteeships.

Maxwell unit forms new plans

By Margaret Price

LONDON — Robert Maxwell's Mirror Group Newspapers PLC has agreed to create two new pension plans, one of which will be funded through corporate earnings.

The decision follows months of intense publicity surrounding about $870 million (about 500 million pounds) in pension assets and corporate assets Mr. Maxwell is said to have stolen from the Mirror Group before his death in November.

In addition, new trusteeships have been created for the company's pension plans.

Now, half the directors will be company appointees and half will be employees and pensioners; all factions of the board will have to approve investment decisions. Previously, only one member of the board was an employee representative, and investments were put in the hands of a three-member board subcommittee.

And, unlike the past, no securi-

See **Maxwell** *on page 41*

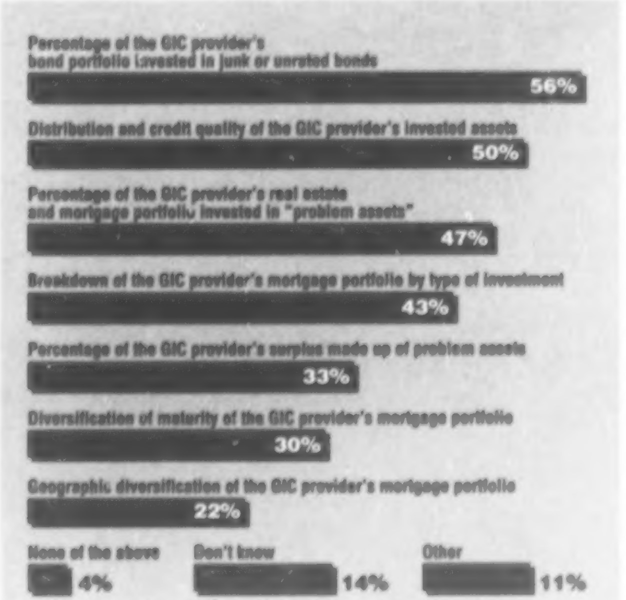
FRONTLINES

INVESTING

Employees turning more negative on GIC holdings

Criteria measured in most recent evaluation of GIC provider*

(Percentage of respondents)



*Percentages do not add up to 100 because of multiple responses.
Source: International Foundation of Employee Benefit Plans, Brookfield, Wis. JOHN HALL

■ There's more bad news for issuers of guaranteed investment contracts.

Nearly one-third of plan sponsors with participant-directed GICs who were polled by the International Foundation of Employee Benefit Plans said they reduced, or planned to reduce, their exposure to GICs because of insurer solvency concerns.

In addition, nearly nine in 10 of the 55% sponsors who said their employees changed their perceptions toward GICs in 1991 reported the change was to a more negative view.

Of the 311 respondents to the survey by the Brookfield, Wis.-based foundation, 183 offered participant-directed GICs. That group indicated that, in the previous 12 months, they increased their scrutiny of GICs.

Almost half said they had changed their perceptions of the importance of the ratings issued by independent ratings services, and 67% of those thought the ratings were more important than before.

While only 18% of those GIC-laden sponsors said they had purchased or increased their purchase of GIC alternatives, 75% of those purchased GIC alternatives, such as synthetic GICs, to lower their exposure to conventional contracts.

— *Curtis Vosti*

PEOPLE

Perot sets his sights on directors

■ H. Ross Perot, currently weighing a third-party candidacy for president, recently unleashed his famed Texas wit on corporate directors.

The colorful founder of Electronic Data Systems Corp. — who became a thorn in the side of General Motors Corp.'s board of directors after GM bought EDS — and current chairman of Perot Systems Corp. thinks most corporate directors are "brain dead," and that some executives are "running on remote control" while being paid the salaries of rock stars.

AP/WIDE WORLD PHOTOS

H. Ross Perot said some corporate executives run "on remote control."

He provided a sampling of his quips at a forum sponsored by the Securities and Exchange Commission on corporate governance and U.S. competitiveness. Among his bon mots:

- On corporate directors: "A disproportionate number are what I would call house cats who are left indoors. If there's anything duller than being on a board in corporate America, I don't know it."
- On management's approach to institutional investors: Institutions get "the sort of treatment you'd give a big tiger that lived in your backyard. You make sure he doesn't get out of the cage."
- On GM executives who leave no free time to talk with front-line employees: "If I wanted to be scheduled in like that, I'd have been a dentist."
- On the SEC's role in stimulating corporate competitiveness: Noting how a grain of sand causes an oyster to produce a pearl, Mr. Perot said, "The SEC's role is to irritate the oyster."

— *Joel Chernoff*

ECONOMY

Managers test their skills with '92 projections

■ Seventy-four investment managers looked into their crystal balls and predicted modest growth in the gross national product and restrained levels of inflation in 1992.

The "fearless forecasters," part of an informal poll conducted by William M. Mercer Inc. Asset Planning Practice, New York, were considerably more optimistic than the 100 managers responding to the poll a year ago. Last year's predictions turned out to be too pessimistic. The year-end surge in the market and drop in interest rates, the report said, surprised the prognosticators.

For 1992, more than a third of the managers predicted the GNP would rise 1% to 1.9%, and another third expected it to rise between 2% and 2.9%. Although 62% foresee a flat economy overall, 28% expect the economy to put in a strong showing, while 10% saw continued recession.

In the market, a third of the managers anticipated the Dow Jones Industrial Average coming in between 3000 and 3199, and more than a fourth expect it to range between 3200 and 3399.

Half of the participants saw modest inflation, with the Consumer Price Index for the year ranging between 3% to 3.9%.

Turning their attention to politics and national policy, 93% of the managers expect George Bush to be re-elected, 73% anticipate a tax cut, nearly 90% see the federal deficit increasing from 1991 levels and only 14% expect a national health care program to be implemented.

— *Sabine Schramm*

TRADING

Sounds like it's a jungle out there

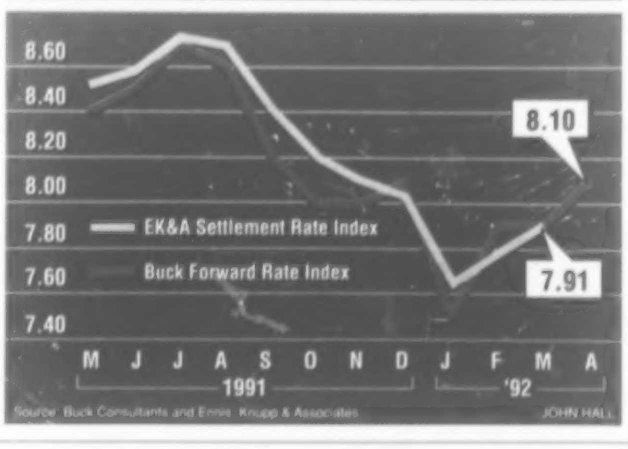
■ The folks at Plexus Group, Santa Monica, Calif., have come up with an 18-point list of everything they know about institutional trading, easily digestible within 15 minutes.

Some examples:

- There are four kinds of players in the market, and you can't trade well unless you know who you are. *Sheep* know nothing that suggests the current price is wrong; *wolves* expend significant resources to know what is about to happen to the price. Then there are *wolves in sheep's clothing*, about whom Plexus says: "Wolves naturally like to hide in sheep's clothing, since sheep always run from wolves." And, there are *sheep in wolves' clothing*, who are noise traders who know less than they think, and are everybody's favorite trading partner.
- Minimum impact is sub-optimal. Only stocks readily available will be bought, and there might be good reasons they are available. If you let the market pick the stocks you are going to get, you will get only bad ones.
- Small-capitalization stocks demand different trading tactics from big-cap stocks. Small stocks don't bounce back as well when the trading pressure recedes.
- Know the limitations of size, speed and liquidity. Otherwise, your best ideas might not be implementable. Elephants simply cannot hide in the strawberry patch. If you're an elephant, use your weight to your advantage.

— *Nancy K. Webman*

Indexes for valuing pension liabilities under FAS 87



Source: Buck Consultants and Ennis, Knupp & Associates JOHN HALL

REAL ESTATE

Kateley joins Heitman Financial

■ Richard Kateley, former president and chief executive officer of Real Estate Research Corp., joined Heitman Financial Ltd., Chicago, as executive vice president and director of research.

R. Kateley

In his new position, Mr. Kateley is responsible for developing real estate investment vehicles, as well as working with the firm's clients on economic and market trends.

Kenneth P. Riggs, who joined RERC last year and most recently held the position of senior vice president and national director of the firm's valuation practice, has been named president.

Mr. Kateley, a well-known real estate economist, had been with Chicago-based RERC for 14 years. He is perhaps best known for his work with the annual "Emerging Trends in Real Estate" report.

"Richard Kateley brings an in-depth knowledge of real estate and capital markets to our company," Norman Perlmutter, chairman of Heitman Financial, said in a statement. "He has earned an impeccable reputation nationally for his real estate forecasting ability, and we feel confident his background provides us with even greater coverage and understanding of the future trends facing our clients."

Heitman Financial is the parent of Heitman Advisory Corp., which oversees a realty portfolio valued at about $7 billion for its institutional clients.

— *Chuck Paustian*

INTERNATIONAL

U.K. execs' expectations too low

■ Trustees for pension funds in Britain should set far higher performance targets for their investment managers, says Tim Congdon, an an economist at Gerard & National, a London brokerage firm, and managing director of its subsidiary Lombard Street Research.

"The targets that are currently set are too easy when compared with the returns on British shares over the long term. Trustees expect real long-term returns of only 4% to 4.5%, whereas the economic expectation is for 4% to 6.5%, over the past 40 years," he told pension fund managers at a recent investment conference in Eastbourne, England.

Near term, however, Mr. Congdon expects equity returns for the 1990s to be "somewhat less than the historic norm."

Mr. Congdon generally recommends pension funds have a high proportion of equities in their portfolios. But, with equity returns off and the inflation outlook good, "there are good arguments for gilts in pension funds."

— *Aidan O'Sullivan*

FEES

Negotiation is in for international

■ Strong competition for international investment business has given sponsors more authority in negotiating fees with investment managers, according to a recent survey by SEI Capital Placements, Chicago.

With approximately 160 international managers to choose from — as opposed to only 27 in 1981 — sponsors can shop around on managers' fees.

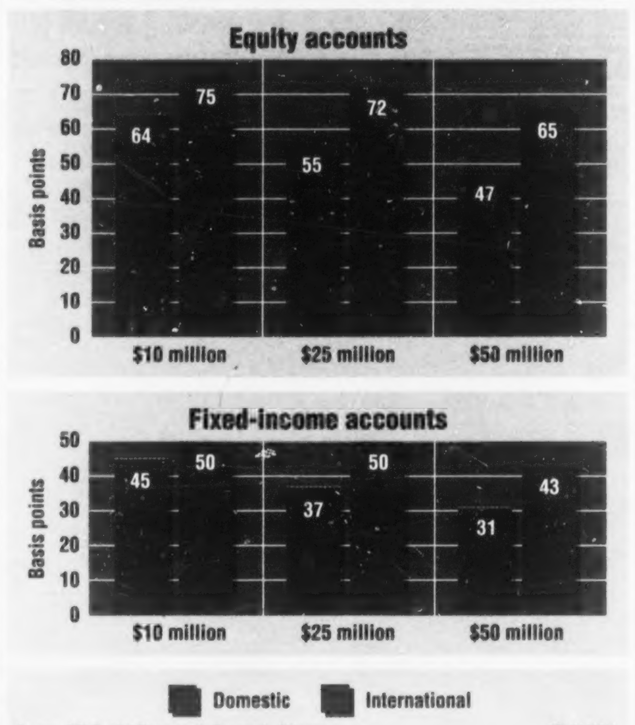
Median fees charged by international managers included in SEI's data base since its previous survey in 1988 were relatively unchanged, and those new managers on average charged higher median fees.

All of the 108 active international managers surveyed planned to maintain current fees during the next 12 months.

The surveyed managers indicated that fees for the next five to 10 years would remain the same or decline. A few predicted fees would level off as management firms consolidate into a few, large, well-established global money management organizations. Most agreed the increase in competition would exert pressure on fees in the next few years.

— Sabine Schramm

Median published fees



Source: SEI Capital Placements Research, Chicago JOHN HALL

PEOPLE

Founder takes Gorbachev's advice

■ Philip Schaefer's most recent hurrah was organizing an October pensions conference in Russia.

Now, Mr. Schaefer — a former managing director of Bear Stearns & Co. in San Francisco and founder of the Pensions in the Nineties conference program for public funds — has a new firm called Pensions 2000.

This four-person, San Francisco-based organization will be sponsoring conferences for pension funds, mostly public, and engage in assort types of investment activities, particularly in emerging markets, starting with Eastern Europe and the former Soviet Union.

In addition, Mr. Schaefer — who visited the Kremlin during the October trip to Russia — will help host Mikhail Gorbachev during part of his May visit to the United States. In a sense, he'll be repaying a favor. "I took Gorbachev literally when he said (last October) to go out and privatize," quipped Mr. Schaefer about his new firm.

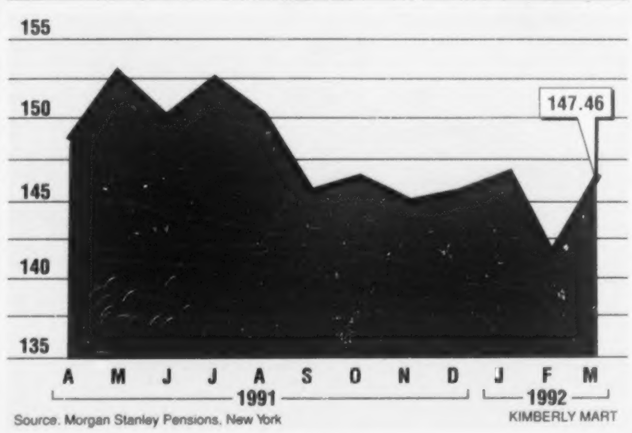
In May, Pensions 2000 will hold its first conference, "Capital Gain," in Washington and in Hot Springs, Va. Topics will range from investing issues to raids on pension funds. One special feature: a debate between Harry Schwarz, South Africa's U.S. ambassador, and Lindiwe Mabuza, the African National Congress' chief representative to the United States.

The following conference, in October, will take place at Lake Como, Italy.

A key theme will be the integration of Eastern Europe into the European Community, Mr. Schaefer said.

— Margaret Price

Pension surplus index



Source: Morgan Stanley Pensions, New York KIMBERLY MART

ECONOMY

Team proposes a way to rebuild

■ Two economists from The Jerome Levy Economics Institute at Bard College, in remote Annandale-on-Hudson, N.Y., claim they have a novel way to finance infrastructure and rejuvenate the economy, which they claim is in a contained depression.

Infrastructure projects long have been used as a remedy for an ailing economy, but lately the job-creation benefits have taken a back seat to the tax increase consequences.

S. Jay and David A. Levy, chairman and vice chairman, respectively, of the institute, propose the U.S. Treasury finance state and local infrastructure projects by lending 80% of the cost at no interest. The remaining 20% would be lent at market rates by private investors.

"In this arrangement, the only effect on the federal budget would be the negative interest spread each year — the difference between what the Treasury pays to borrow and the zero percent it charges the state or local government," said David Levy, who is also the director of research for the institute.

"That negative spread would be the federal subsidy for the project, and the cost to taxpayers would be spread over the life of the project."

To qualify for the 80/20 financing, projects must have explicit plans for generating revenue for repaying the debt, which is amortized to match the useful life of the investment, according to the Levys, a father-son team.

To avoid "cosmetic vote-getting" projects, New York State Comptroller Edward V. Regan — a member of the institute's board of advisers — said the bonds that would be issued should contain a maintenance covenant, requiring the issuer to establish a maintenance schedule for the life of the project.

— Terry Williams

INTERNATIONAL

Hungarian debt fund is launched

■ Foreigners will have an opportunity to invest in Hungarian government debt through a new forint-denominated fund.

The fund, to be launched by Creditansalt Securities of Budapest, is expected to provide a return of at least 30% per year. The fund will have a five-year life, and will offer 100,000 units of 10,000 shares worth $13.5 million.

Csaba von Csiky, a senior member of Creditansalt Securities, says he expects country funds, high-yield funds and private investors to subscribe. "I think we can expect a return of 35% on this investment. Hungarian government debt instruments yielded between 31% and 37% in 1991," he said.

New laws allowing such funds were enacted Jan. 1. Foreigners still are prohibited from buying Hungarian government debt directly, but they can invest through an investment fund.

Investors will be allowed to transfer dividends and any proceeds, or dispose of units in the fund, in the currency in which they originally invested, Mr. von Csiky said. The fund will consist of government bonds, notes or bills. The fund will be listed on the Budapest Stock Exchange and the third tier of the Vienna and Stuttgart exchanges.

The launch of the fund comes at a time when Hungary is trying to reduce its inflation to 20% this year from 35% in 1991.

But Mr. von Csiky pointed out Hungary has a policy of not trying to reschedule its debt, which totals $20 billion.

— Aidan O'Sullivan

SOCIAL INVESTING

Ethics, responsibility fuel new fund

■ A mutual fund portfolio investing in 200 companies demonstrating corporate responsibility and ethical business behavior is being offered through The Infinity Mutual Funds Inc., New York.

The Covenant 200 includes companies like **Federal Express Corp.**, **Alberto-Culver**, **BankAmerica Corp.**, **Hershey Foods Corp.** and **Johnson & Johnson**. Portfolio stocks are picked from 1,000 of the largest U.S. corporations that meet standards generated by Covenant Investment Management, Chicago.

Anthony Bune says returns and corporate responsibility can go hand in hand.

"We hope to destroy the myth that there is a negative trade-off between corporate responsibility and competitive financial return," said Anthony Bune, vice chairman at Laidlow Holdings Asset Management Inc., New York. The firm is sub-adviser to the Covenant Portfolio.

In an 18-month study, Covenant generated its criteria based on a survey of 9,000 opinion leaders — such as corporate chief executives, members of Congress, state and local officials, university presidents and religious leaders. Selections are based on the corporations' continued success in meeting standards in eight areas that compete for corporate focus and resources: communities, competitors, customers, employees, environment, shareholders, social issues and suppliers.

Corporate behavior was evaluated through questionnaires sent to the corporations and supplemented by publicly available information from computer data bases, watchdog groups and government agencies.

So far, the Covenant 200 has attracted about $6 million from investors, but none is institutional.

— Sabine Schramm

INVESTING

Active managers to get the ball

■ During the next three years, 76% of pension plan sponsors, money managers and consultants expect less money to go to passive investment options, according to a survey by Callan Investments Institute, San Francisco.

About two-thirds of passive investing by institutions is aimed at large-capitalization domestic equities, with the Standard & Poor's 500 Stock Index the major benchmark, according to Callan. "The fact that active managers outperformed this benchmark in the last two years is likely one of the reasons for the slowdown," said Ronald D. Peyton, president and chief executive officer at Callan Associates Inc.

Callan consultants also speculated the introduction of active equity products that mimic the exposure characteristics of the S&P 500 might be another reason for reduced interest in passive vehicles.

The survey also found pension plan sponsors believe passive portfolios were most susceptible to underperformance in declining markets and in asset classes with the largest pockets of inefficiencies in them. The results indicated small-cap and international fixed-income and equity were the least appropriate for indexation.

Of the 176 respondents, 39% believed active management added the greatest value in declining markets, 7% believed value was added in rising markets, 47% said both, and 7% said neither one.

— Sabine Schramm

P&I's 1992 salary survey

Corporate

1992 salary	1991 salary	1991 bonus	Fund size ($ millions)	Defined benefit	Defined contribution	Internally managed		Title	Years in job
						Equities	Fixed income		
320,000	320,000	0	5,000	y	y	y	y	VP-investments	1
263,000	252,000	200,000	2,500	n	y	y	y	Managing director	18
240,000	220,000	40,000	1,000	y	y	n	n	Senior VP/treasurer	1
225,000	175,000	40,000	10,001	y	n	y	y	Managing director	3
220,000	220,000	160,000	10,000	y	y	y	y	VP-investments	15
218,000	218,000	87,000	500	y	y	n	n	Senior VP-finance	9
200,000	180,000	60,000	1,000	y	y	n	n	CFO	5
200,000	190,000	50,000	2,500	y	y	y	y	VP	9
200,000	200,000	0	500	n	y	n	y	Trustee	20
190,000	190,000	48,000	2,500	y	y	n	n	VP-treasurer	5
180,000	170,000	19,000	2,500	y	y	n	n	Asst. treasurer	11
175,000	165,000	0	1,000	y	y	y	y	Treasurer	15
175,000	165,000	50,000	500	n	y	n	n	Treasurer	10
172,750	162,200	26,000	500	y	y	n	n	Exec. VP, CFO	9
165,000	155,000	45,000	5,000	y	y	n	n	Director-pension funds	14
160,000	158,333	32,472	10,001	y	y	y	y	Exec. director	9
156,000	156,000	53,000	5,000	y	n	y	y	Chairman, pension trust	5
152,000	141,000	25,000	5,000	y	y	n	n	Asst. treasurer	1
140,000	130,000	125,000	1,000	y	y	n	y	Treasurer-finance	10
140,000	130,000	20,000	1,000	y	y	n	n	VP-investments/pensions	13
140,000	140,000	0	5,000	y	y	n	n	VP	15
137,000	130,000	15,000	10,000	y	y	n	n	Manager, finance	5
136,000	131,000	100,000	5,000	y	y	n	n	Director trust investments	5
135,000	122,000	67,100	1,000	y	y	n	n	Asst. VP	7
128,000	122,000	0	1,000	n	y	n	y	Investment officer	27
127,000	122,000	7,200	500	y	y	n	n	Treasurer	3
125,000	125,000	42,000	2,500	y	y	y	n	President	5
120,000	110,000	25,000	500	y	y	n	n	Asst. VP/director of benefits	12
120,000	120,000	0	250	y	y	n	n	VP/asst. treasurer	10
120,000	120,000	47,000	500	y	y	n	n	VP/controller	3
118,000	110,000	15,000	1,000	y	y	y	y	Director-pension investments	4
118,000	118,000	10,000	1,000	y	y	n	n	Treasurer	14
116,000	110,000	92,000	1,000	y	y	n	y	Asst. treasurer	5
114,000	99,000	0	250	y	n	n	n	VP/treasurer	1
114,000	109,000	13,000	1,000	y	y	n	n	Asst. treasurer	3
114,000	110,500	0	5,000	y	y	n	n	Director-trust investments	8
113,000	109,000	17,000	2,500	y	y	y	y	Director-investment mgmt.	3
111,000	109,000	20,000	500	y	y	n	n	VP-treasurer	12
110,000	100,000	10,000	5,000	y	y	n	n	Director-investments	6
110,000	110,000	0	250	y	n	n	n	VP/CFO	2
110,000	110,000	30,000	2,500	y	y	n	y	Director-investment mgmt.	8
108,000	103,000	0	1,000	y	y	n	y	Asst. treasurer	6
105,000	105,000	13,000	2,500	y	y	n	n	VP-pension fund mgmt.	5
104,100	98,700	12,200	2,500	y	y	y	n	Director	9
103,200	97,200	0	500	y	y	n	n	Asst. treasurer	8
103,000	98,700	18,000	2,500	y	y	n	n	Asst. VP asset mgmt.	5
102,000	96,000	15,000	2,500	y	y	n	n	Director-trust funds	8
102,000	97,000	13,000	2,500	y	y	n	n	Asst. treasurer	10
102,000	97,000	0	1,000	y	y	n	n	Manager	5
101,500	97,500	17,600	1,000	y	y	y	y	Asst. treasurer	11
100,000	100,000	20,000	5,000	y	y	y	y	Director-finance	25
100,000	100,000	0	2,500	y	y	n	n	Asst. treasurer	3
98,200	93,500	19,400	500	y	y	n	n	Director-benefit finance	6
97,400	97,400	19,500	500	y	y	n	n	Director-benefits	5
96,000	90,000	17,000	2,500	y	y	n	n	Asst. treasurer	4
95,000	92,000	16,000	1,000	y	n	n	n	Director-pension investments	1
94,000	88,000	8,000	2,500	y	y	n	y	Director-trust investments	1
93,000	90,000	0	500	y	n	n	n	Plan administrator	10
92,000	88,000	8,000	1,000	y	y	n	n	Director-pension investment	12
92,000	92,000	45,000	10,000	y	y	n	n	Manager-pension plan coordination	7
90,000	86,000	27,000	2,500	y	y	y	y	VP-director trust financial services	5
89,500	87,000	42,000	2,500	y	y	n	y	Asst. treasurer	5
89,500	89,500	14,000	2,500	y	y	n	n	VP-benefits	7
89,000	80,000	25,500	1,000	y	n	n	n	Director-pension investments	2
88,000	82,000	12,000	1,000	y	y	n	n	Director-retirement plans	4
86,500	85,000	27,000	500	y	y	n	n	Trust administrator	10
85,000	80,000	0	2,500	y	y	n	n	Director	1
85,000	82,000	12,000	500	y	y	y	n	Asst. treasurer	12
84,700	84,700	9,000	500	y	y	n	n	Director	6
84,000	81,000	24,000	2,500	y	y	n	n	Director-financial planning	5
83,000	80,000	5,000	1,000	y	n	n	n	Manager-trust investments	17
82,800	80,000	12,000	1,000	y	y	n	n	Manager	1
82,000	77,000	5,000	1,000	y	y	n	n	Director-benefits	4
81,500	79,300	8,000	10,001	y	y	n	n	Investment director	5
79,000	75,000	0	1,000	y	n	n	n	Director-investment mgmt.	7
78,000	78,000	0	500	y	y	n	n	Manager-finance	1
77,000	72,000	7,000	250	y	y	n	n	Treasurer	4
77,000	74,000	10,000	500	y	y	n	n	Manager-trust investments	3
77,000	77,000	17,000	10,000	y	y	n	n	Asst. VP-investment mgmt.	8
75,000	70,000	0	1,000	y	n	n	n	Director-pension administration	5
75,000	71,000	19,000	2,500	y	n	n	n	Manager-pension investments	6
75,000	75,000	12,000	500	y	n	n	n	VP-pension investments	4
74,500	71,000	2,000	10,000	n	y	n	n	Manager-trust investment	1
73,000	71,000	28,000	500	y	y	y	y	Asst. VP	15
72,000	72,000	21,000	1,000	y	y	n	n	Director-investments	1
70,772	68,184	0	1,000	y	y	y	n	Investment manager	8
70,000	65,000	0	2,500	y	y	n	n	Manager-benefit funds	7
68,796	65,520	0	500	y	y	n	n	Manager-pension investment	2
67,000	65,000	0	1,000	y	y	n	n	Asst. treasurer-pensions	2
66,000	63,000	0	2,500	y	y	n	y	Treasurer	7
66,000	66,000	0	1,000	y	n	n	y	Manager-pension fund	1
62,800	59,400	0	1,000	y	y	n	n	Manager-investments	4
60,500	55,000	0	2,500	y	y	n	y	Manager-investments	2
60,000	55,000	0	2,500	y	y	n	n	Trust funds manager	1

P&I's 1992 salary survey

1992 salary	1991 salary	1991 bonus	Fund size ($ millions)	Defined benefit	Defined contribution	Internally managed		Title	Years in job
						Equities	Fixed income		
59,800	59,800	0	500	y	n	n	n	Director-trust assets	6
58,000	56,000	0	2,500	y	y	n	y	Manager-investments	7
50,000	45,000	0	2,500	y	y	n	n	Manager-benefits finance	4
47,000	45,000	0	2,500	y	n	n	n	Manager-pension investments	2
Public									
138,000	125,000	50,000	5,000	n	y	n	n	Sr. VP/CIO	5
115,000	100,000	25,000	2,500	y	n	n	n	CIO	1
108,000	108,000	0	10,000	y	n	y	y	Investment officer	21
104,000	100,000	0	10,001	n	y	n	y	Director-investment office	5
98,000	94,000	0	2,500	y	n	y	y	Administrator	5
98,000	96,000	0	10,001	y	n	n	y	Investment manager	25
95,700	94,500	18,690	10,001	y	y	y	y	Exec. director	3
95,000	92,471	0	1,000	y	y	y	y	Exec. director	5
94,060	94,060	0	5,000	y	n	n	n	Exec. director	14
93,000	93,000	0	2,500	y	n	n	n	Retirement administrator	3
90,000	85,000	0	2,500	y	n	n	n	General manager	3
90,000	85,000	0	10,000	y	n	n	n	CEO	11
88,000	80,000	0	500	y	n	n	n	Exec. director	3
86,700	78,612	0	10,000	y	y	n	y	State treasurer	26
86,000	86,000	0	5,000	y	n	y	y	CIO	4
85,500	85,500	0	10,000	y	n	y	y	Investment officer	9
85,000	85,000	0	10,001	y	n	y	y	Director-investment	16
85,000	85,000	0	1,000	y	n	n	n	Exec. director	9
83,000	80,000	0	5,000	y	n	y	y	State investment officer	17
82,000	73,000	0	2,500	y	n	y	y	Investment officer	10
82,000	82,000	0	2,500	y	n	n	n	Administrator-retirement systems	8
80,000	75,000	0	2,500	y	n	n	n	Exec. director	5
78,500	78,500	0	10,001	y	n	y	y	Exec. director	10
78,000	75,000	0	5,000	y	n	n	y	CIO	5
75,629	71,754	0	1,000	y	y	n	n	Deputy exec. director	4
74,900	74,500	0	1,000	y	n	n	n	Exec. director	2
74,000	72,500	0	1,000	y	y	n	n	Investment manager	15
72,000	70,000	0	5,000	y	n	n	y	CIO	5
71,200	71,200	0	2,500	y	n	n	n	Exec. director	4
71,000	71,000	0	1,000	y	n	n	n	Administrator	15
70,000	66,000	0	2,500	y	y	n	n	Exec. director	14
70,000	68,000	0	1,000	y	n	n	n	Exec. secretary	13
69,967	69,895	2,925	1,000	y	n	n	n	Administrator	3
69,000	63,000	0	10,001	y	n	n	n	CIO	6
68,608	64,000	0	1,000	y	y	n	n	Deputy exec. director	1
66,620	60,526	0	2,500	y	n	n	y	Deputy director, finance	4
65,280	65,280	0	2,500	y	n	n	n	Exec. director	13
65,000	60,000	0	500	y	n	n	n	Exec. secretary	8
65,000	65,000	0	10,001	y	n	y	y	CIO	5
63,544	61,745	0	500	y	n	n	n	Retirement administrator, Treasurer	4
62,500	60,400	0	5,000	y	n	n	y	Director-investments	5
62,212	58,274	0	5,000	y	n	y	n	Assoc. investment officer	5
62,000	59,000	0	5,000	y	n	n	n	Investment officer	7
62,000	62,000	0	2,500	y	y	n	n	CIO, treasurer	6
61,000	59,000	0	5,000	y	n	n	n	Investment officer	7
61,000	61,000	0	500	y	n	n	n	Exec. director-retirement	2
60,800	60,800	0	1,000	y	y	n	n	Director-retirement	5
60,300	60,300	0	1,000	n	y	n	n	Exec. director	5
60,000	60,000	0	5,000	y	n	n	n	Investment officer	1
60,000	60,000	0	2,500	y	n	y	y	CIO	3
60,000	60,000	0	1,000	y	n	n	n	Investment officer	1
59,000	57,000	0	2,500	y	n	n	n	Asst. retirement director	3
57,375	57,375	0	10,000	y	n	n	n	Deputy director-investments	6
56,000	56,000	0	500	y	n	n	n	Benefit administrator	5
53,600	53,600	0	1,000	y	n			Exec. director	8
52,000	52,000	0	250	y	n	n	n	Retirement manager	12
50,000	48,000	0	500	y	n	y	n	Manager-pension investments	4
50,000	50,000	0	1,000	y	n	n	n	Director-employee retirement	1
48,000	47,000	0	2,500	y	n	n	n	Deputy director	1
47,000	42,000	1,100	500	y	n	n	n	Retirement manager	4
45,000	45,000	0	500	n	n	n	y	Investment officer	8
44,000	42,312	0	500	y	n	n	n	Retirement administrator	20
38,000	36,000	0	5,000	y	n	n	n	Assoc. director-investment	10
38,000	38,000	0	500	y	n			Pension manager	1
28,700	28,700	0	2,500	y	n	n	n	Assoc. director-investment	1
Union									
150,000	150,000	0	1,000	y	n	n	n	Exec. adm. director	3
124,000	120,000	0	1,000	y	n	n	n	Administrator	9
116,000	110,000	0	2,500	y	y	n	n	Fund director	14
100,000	100,000	0	2,500	y	y			Administrator	1
92,000	89,000	0	250	y	n	n	n	Plan manager	14
88,000	86,000	0	5,000	y	y	n	n	Director-investments	5
83,700	82,000	0	500	y	n			Co-administrator	12
81,000	78,000	4,500	1,000	y	y	n	n	Fund office administrator	8
78,000	73,000	3,500	1,000	y	y			Pension manager	1
78,000	78,000	0	500	y	y	n	y	General manager	13
75,044	66,755	11,000	250	y	n			Controller	20
75,000	72,000	0	1,000	y	y	n	n	Investment manager	5
72,000	68,800	0	250	y	y	n	n	Fund manager	3
72,000	72,000	0	500	y	n	n	n	Administrator	28
69,300	66,000	0	500	y	n	n	n	Administrator	6

Some respondents are not listed and some titles have been altered to avoid identification

Salaries

Continued from page 1

vey showed, is $115,500 and the average salary is $132,536; for those who do not manage money internally, the median salary is $92,550 and the average salary, $103,000.

For public pension funds, the median salary for those managing assets internally is $83,000 and the average is $84,671, while for those who do not, the median is $65,395 and the average is $68,468.

About 250 executives of all fund types responded to the survey, but only 237 provided complete answers to all questions before the deadline for responses.

The salaries reported by the executives varied widely among corporate pension executives within a given fund size range, whether or not they managed assets internally.

For example, corporate executives whose pension funds are $500 million or smaller reported 1992 salaries ranging from $46,000 a year to $218,000 a year, with a median of $89,750 and an average of $101,461.

The highest salary, $218,000, was reported by a senior vice president of finance who said pension management was only a small part of the job, although the executive had responsibility for investment policy, asset allocation, manager selection and manager monitoring.

Among corporate funds in the $501 million to $1 billion range, salaries were from $62,800 to $240,000, with a median of $101,750 and an average of $113,246.

The highest salary was reported by an executive with the title of senior vice president and treasurer. The lowest salary was reported by an executive with the title of manager-investments.

The wide variation persisted even among the largest corporate funds. For funds with assets of more than $5 billion, the lowest salary was $74,500 and the highest was $320,000.

The executive with the lowest salary had the title of manager-investments. The executive with the highest title was vice president-investments.

Likewise, there was wide variation in salary levels within groups of public funds of similar size, although the variation was not as great as among corporate funds. For example, the highest salary among funds with assets of up to $500 million was $88,000 and the lowest was $38,000.

Among the largest public funds, those with assets of more than $5 billion, the lowest salary was $57,375 and the highest was $200,000, with a median of $85,500 and an average of $93,596.

The executive with the low salary was a deputy director and the fund had only a small amount managed internally. The executive with the high salary was chief investment officer with billions managed internally.

For Taft-Hartley funds, the highest salary overall was $150,000, and the low was $37,875. There was an insufficient number of responses to break down the salary ranges for all fund size categories.

For funds with assets up to $500 million, the highest salary was $103,000 and the low was $37,875; the median salary was $68,800 and the average was $70,430.

For executives at funds with assets between $501 million and $1 billion, the highest salary was $150,000 and the low was $72,000, with a median salary of $80,500 and an average of $96,000.

Two-thirds of the corporate pension executives responding reported they also received bonuses, many of which were a substantial percentage of the salary. About half of those receiving bonuses said the bonuses are based in whole or in part on the performance of their funds.

The highest bonus reported by a corporate pension fund executive was $200,000 on top of a salary of $263,000.

The median corporate bonus was $20,000 and the average was $31,069.

Bonuses were not common for public fund executives, with only eight of the 87 public fund executives reporting they received one in 1991.

The highest bonus for a public fund executive was $50,000 on top of a salary of $138,000. The median bonus was $4,750 and the average was $13,589.

Only four of 21 Taft-Hartley fund executives received bonuses, ranging from $11,000 to $3,500. ■

What pension execs earn

Fund size	Salaries			
Public	High	Median	Mean	Low
To $500 mil.	$88,000	$56,000	$58,704	$38,000
$501-$1,000 mil.	95,000	69,287	66,773	39,500
$1,001-$2,500 mil.	115,000	71,490	73,476	28,700
$2,501-$5,000 mil.	138,000	62,500	74,572	38,000
$5,001+ mil.	200,000	85,500	93,596	57,375
Taft-Hartley				
To $500 mil.	$103,000	$72,000	$72,849	$40,000
$501-$1,000 mil.	150,000	83,750	99,083	75,000
$1,001-$2,500 mil.	116,000	108,000	108,000	100,000
$2,501+ mil.	120,000	103,000	103,000	88,000

JOHN SMITHER

Hirings, formerly called money movers, is a section that details the appointments of money management firms for tax-exempt funds.

It appears in each issue of *Pensions & Investments*.

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HARRIS CONVERSATIONS FOR THE 90s:

THE SEARCH FOR SUPERIOR PERFORMANCE

A DISCUSSION ABOUT BENCHMARKING WITH ROBERT CAMP

Finding and implementing "best practices"–simply, the best methods your competitors and other companies use to manage people, bring a product to market, even handle paperwork–is the heart of benchmarking. And benchmarking is key to continuous improvement that will result in superior performance and a competitive edge.

That's the benchmarking gospel according to Robert C. Camp, manager of benchmarking competency for Xerox Corporation.

Executives recently met with Mr. Camp at Harris Bank to discuss how benchmarking can be a practical strategy with quantifiable results. The following is an excerpt from their conversation.

How do I juggle between all the things I know we need to benchmark and what we can afford to benchmark?

Think carefully about high priority areas. Your corporate mission statement should highlight those. Also get input from managers and staff.

Once your priorities are clear, select a project with a narrow scope. There's almost a direct correlation between the success of a project and how narrowly it's defined. What you want are substantive, credible best practices that will make a difference.

Also, make certain you actually start benchmarking instead of getting hung up on where to begin.

You'd be amazed at the number of benchmarking projects that end up as documents collecting dust on someone's bookcase.

How do you decide which companies have the best practices you should be looking for?

Ask your customers; their perceptions may surprise you. They may say a particular company is best, but you know that company's practices are less than leading edge.

In those instances, you may be competing with a company that's best at communicating a perception of excellence. So you need to separate reality from perception. Assemble a list of practices, take it to customers and ask them to prioritize it. When they're through, you'll have a list of fundamental customer requirements. Then you can go to industry associations, benchmarking articles, and vendors and suppliers to find the companies best at filling those requirements.

Should we create a separate benchmarking department to handle this work?

No. The people who work a process know it inside and out and are almost always the best qualified to analyze it. Plus, you want to ensure that those who must implement the changes participate in shaping them. Unless you get a strong employee commitment, you'll have all kinds of problems with implementation.

What do you do when you've identified a best practice? Import it into your own company?

Benchmarking does not mean just blindly copying what other companies do. You want to take advantage of your people's talent and say, "We found this best practice. Now tell us how we can implement it creatively and even go beyond it."

For example, how do you respond to a dissatisfied customer? L.L. Bean takes back any product a customer is unhappy with. That's clearly a best practice. But it isn't what Xerox customers wanted. They wanted their equipment to work, not their money back. So our customer guarantee now says that if you are dissatisfied with a Xerox product within three years of its purchase, we'll replace it until you're satisfied with the product.

How do I get people to benchmark when they may be benchmarking themselves out of a job?

The way you communicate is critical. "Productivity" is often associated with "reduction in force." However, "continuous improvement" simply means everyone working together to improve practices.

But don't people feel frustrated when you keep moving the goal line to success?

In a continuous effort, changing measurements shouldn't be that big a factor. You're elevating your plateau of operations, so the next objective isn't a measurement from where you originally started. It's a measurement from where you are now to the next objective. So you're not making quantum leaps, you're taking small, achievable steps.

Best practices are out there. By taking these small steps, you can find them, make them your own, and put your company on the path to superior performance.

This is the seventh in a series of Harris Conversations for the 90s sponsored by Harris Bank, a leading provider of corporate credit and other banking services to middle market and emerging major companies in the Midwest.

To receive a longer version of this discussion with Robert Camp, call Harris Bank at (312) 461-5554.

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GM fallout: Who will be next?

American Express, IBM, others may feel heat

By Joel Chernoff

BROOKE HUMMER

Activists say Sears' Edward Brennan is among those who may be next on the hot seat.

After the shake-up at General Motors Corp. this month, the question is, "Who's next?"

While shareholder activists do not hold crystal balls, they do have their favorite targets. On their short lists of companies in most dire need of a good working over: American Express Co.; IBM Corp.; Sears, Roebuck and Co.; and Champion International Corp.

These companies, according to pension executives, their advisers and academics, are classic underperformers with failed corporate strategies and in need of new leadership.

Pension executives have good reason to pay heed to whether boards of directors are doing their job. The day after the announcement of the shake-up at GM, the automaker's stock jumped $1.25 a share, while the Dow Jones Industrial Average fell 62 points.

Shareholder activist Robert A.G. Monks called the increase in stock price a "governance dividend." Mr. Monks, who is urging shareholders at Sears to support five proxy resolutions — including one calling for a study on restructuring of the company — told the Council of Institutional Investors that directors on other corporate boards should emulate the example set at GM.

Experts warned, however, boards will not shift their perspective to an aggressive mode from a compliant one overnight, noting it took GM's board years to take action.

IBM, for example, has been slow to shift to personal computers from mainframes. "Does that mean the board will act to throw out management? I don't think boards will act that precipitously," said Jay Lorsch, the Louis Kirstein professor of human relations at the Harvard Business School.

Nevertheless, institutional shareholders are likely to apply pressure on board members who fail to assert themselves, and will cite the GM example, said John Nash, president of the National Association of Corporate Directors, Washington.

"I think the stage has been set. Boards have to act, and managements have to be held account-

See **Targets** *on page 33*

AT DEADLINE

PBGC seeks TWA ruling

The PBGC wants a federal district court in Kansas City, Mo., to declare constitutional legislation that holds subsidiaries controlled by Trans World Airlines owner Carl C. Icahn liable for TWA's $1.1 billion in pension underfunding.

The legislation, known as the Danforth amendment, would make those subsidiaries liable as long as Mr. Icahn directs the airline. A spokesman for TWA said the company believes the plans are well funded and the legislation is unnecessary.

Pension funds beat EAFE

U.S. pension funds' international portfolios returned −5.4% for the first quarter, reported WM Co. The composite performance of the 51 portfolios was far better than that of the EAFE, which returned −11.8%.

Six global portfolios measured by WM fell an average of 4.8% during the period, compared with an 8% drop in the MSCI World Index, WM said.

For the year ended March 31, the international portfolios returned −1.5% vs. −7.7% for the EAFE. The global portfolios were up 3.7% for the year, while the MSCI World Index returned −0.5%.

County drops manager

The $1.1 billion San Bernardino County Employees' Retirement Association dropped Strategic Global Investments, which had been associated with Robert Maxwell, as its global fixed-income manager.

Raymond A. Fleming, administrator, said the dismissal "had nothing to do with the people who were actually running the money. It had nothing to do with the way they were running the money. It had more to do with

Continued on page 34

Chicago firms stay above water

By Curtis Vosti

CHICAGO — Disaster preparedness plans, flexibility and a cooperative spirit helped Chicago investment managers, consultants and pension funds weather the April 13 Chicago flood.

As the flood's effects carried well into a second week, more than a dozen buildings — including some housing large money management firms — remained without heat, electricity or phones as their tenants worked from temporary sites.

The inconvenience was minor, however, compared with flood day, when an estimated 250,000 people were evacuated from and power shut off to more than 100 buildings in much of the central Loop, including the financial district, and institutional investors kicked in emergency plans they had hoped they would never have to use.

Alternative backups to existing computer backups were implemented as the firms feared widespread and prolonged power problems. Staff members flew or drove to remote sites, sometimes several times. Temporary telecommunications equipment enabled stricken firms to maintain trading and communications links with understanding clients.

As a result, the business of investment management proceeded nearly without missing a beat.

One of the worst hit businesses

See **Flood** *on page 33*

The CBOT's sub-basement, above, was flooded with 35 feet of water, and workers busily tried to re-open the exchange.

ANTHONY F. FICKE

TERRY VITACCO

AT&T's Joseph Russo says real estate values are still too high.

Real estate may drop 15% more

By Steve Hemmerick

Shaky pension fund real estate portfolios likely will be slashed in value by 15% to 20% this year, the deepest cut ever.

Real estate money managers wrote down property values in pension fund portfolios at the rate of almost 12% last year but still are not cutting deep enough or fast enough, consultants say.

The 1992 writedowns amount to a $15 billion to $20 billion chunk cut from the approximately $100 billion pension funds have invested in equity real estate.

This year the cutting will be "more painful" for pension plans, said Rodger Smith, a partner with the consulting firm Greenwich Associates, Greenwich, Conn. It should have been done last year, he said.

Blake Eagle, president of The Frank Russell Co.'s real estate group, Tacoma, Wash., said some reductions in value could come from retail malls, many of which, he said, remain overvalued.

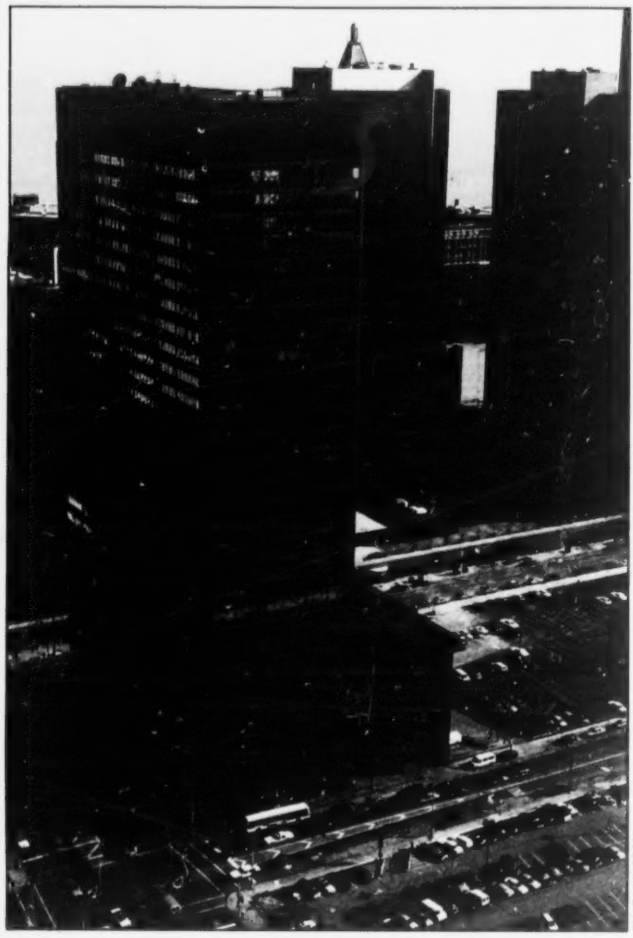
The tip-off to how deep prices need to be cut came from information real estate money managers supplied in various surveys showing they wouldn't pay the high prices they have placed on the real estate in the portfolios they are managing.

A survey by Salomon Brothers Inc., New York, found a spread of 330 basis points between the bid and ask prices for real estate. A 50 to 70 basis point spread is normal.

In the Salomon survey, the

See **Values** *on page 35*

NEWS DIGEST



CHUCK PAUSTIAN

The Illinois Teachers' Retirement System's stake in land adjacent to the Time-Life Building could pay off big if a casino and entertainment complex is built in Chicago. Page 26.

Although SEI Corp. executives insist they're not abandoning consulting, they're offering more in the way of financial services. Page 24.

Connecticut Gov. Lowell P. Weicker Jr. is calling for changes in the funding of and benefits provided by two state pension funds. Page 29.

SPECIAL REPORT: NEW ALTERNATIVE INVESTMENTS

More liquidity and private placements in unusual assets are the hallmarks of new investment products being touted to pension fund executives. Page 15.

FINANCING

The Time Warner bond issue was greeted with yawns from institutional investors. Page 2.

INTERNATIONAL

The Japanese equity market's drop — more than 50% in the past 30 months — has investors looking cautiously at select stocks and industries. Page 2.

John Major's election victory is not expected to speed reform efforts sparked by the Maxwell scandal. Page 3.

REAL ESTATE

Property portfolio values could fall another 15% to 20% this year, the deepest cut ever. Page 1.

Washington and Ohio state funds saw their share of the Cadillac Fairview deal plummet in 1991. Page 3.

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Investors creep into Japan

Caution, selectivity highlight return to battered market

Some institutional investors have begun to show cautious optimism in the face of the continuing falling Japanese stock market.

But optimism appears limited to selective stocks and sectors, driving investors further away from the disappointing market-capitalization indexing of international investing.

One pension fund investor, however, has increased its broad exposure to Japan gradually over the past 18 months through a so-called completeness fund. Ronald C. Boller, vice president and director-benefit and risk finance, Owens-Illinois Inc., Toledo, Ohio, which has a $2.3 billion pension fund, said he was worried a turnaround could leave the fund behind despite the outperformance of its active international advisers, who severely underweighted the Japanese market. He said he didn't have available updated figures on Owens-Illinois' allocation to Japan.

"We thought it was a bigger gamble to be too far out" of Japan, he said.

Investors and analysts show no consensus on the near-term outlook for an end to the protracted decline in the Japanese stock market, which has fallen 57% in the past 30 months and has been passing through one psychological barrier after another.

"It's a slow, dripping torture," said Iain A. Watt, senior investment officer, Edinburgh-Wilmington International Capital Management, Edinburgh, Scotland.

But he believes a turn might be near. "We've been moving money back into Japan in a big way," Mr. Watt said. "In the short term, that hasn't been too clever."

From a low international weighting of 7%, Edinburgh-Wilmington has moved back to the weighting of the Morgan Stanley Capital International Europe Australia Far East Index, now about 43%. Stock buying is selective; industrial companies are one favored sector, such as **Honda Motor Co. Ltd.** and **Sony Corp.** Other favored sectors include housing, construction and specialty retailing.

"We sold out of Japan in late 1989 because interest rates began

See **Japan** *on page 35*

Time Warner issue no sizzler

Debt deal hampered by rating and yield

By Anne Schwimmer

Time Warner Inc.'s planned private debt financing is slipping through the cracks, failing to excite buyers of either investment-grade or high-yield debt.

Some investors say the below-investment-grade rating of Time Warner gives them pause. Meanwhile, investors who normally purchase junk bonds aren't enticed by the issue's yield. None would talk for attribution.

"This is not a screaming buy," said one money manager, who nevertheless intends to purchase some of the bonds.

Notably, one portfolio manager at an insurer investing in the deal said he likely will put one piece in his high-yield portfolio and another in his investment-grade portfolio because the issue really straddles the border between the two types of bonds.

The company has scaled back the huge planned offering of 10-year and 20-year senior notes to a total of $750 million from the initial $1 billion, investors said.

The investors said the expected price on the $250 million of 20-year senior bonds is 10⅛% or about 208 basis points over comparable U.S. Treasury securities. The expected price on the $500 million of 10-year senior bonds is 9⅝%, or about 207 basis points over comparable Treasuries, they said.

But, investors said, the company has agreed to add another 25 basis points above those coupons if the company has not been upgraded to a BBB rating, or investment grade, by the end of the year. Also, Time Warner has agreed that if the debt deal has not been registered publicly by the end of the year, it will pay an additional 50 basis points as well.

A Time Warner spokesman said the company could not comment on the private financing. A spokeswoman at Merrill Lynch & Co., New York, the lead agent on the deal, also declined comment.

Portfolio managers at money management firms and insurance companies said the deal is rated BB, or a top-tier high-yield bond.

See **Debt** *on page 31*

Pension coverage up slightly

By Anne Schwimmer

The number of non-farm salaried workers covered by pension plans in the United States increased slightly between 1988 and 1990 after decreasing during the previous nine years, research shows.

Research from the Employee Benefit Research Institute, to be released in May, shows 51.2 million employees — or 42.9% — were included in an employer's pension plan in March 1990, vs. 50.8 million (42.7%) in March 1989 and 49 million (41.6%) in March 1988.

Two earlier studies, however, showed declining coverage.

A study by two economists — David E. Bloom of Columbia University and Richard B. Freeman of Harvard University — showed pension coverage for non-farm workers between the ages of 25 and 64 decreased to 57% in 1988 from 63% in 1979. And earlier EBRI data showed coverage of all salaried non-farm workers decreased to 44.4% in May 1988 from 49.5% in May 1979.

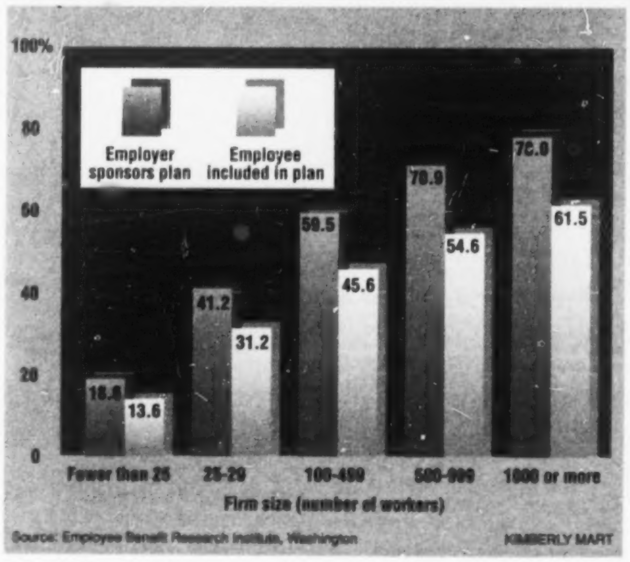
(EBRI's 1988 statistics differ in its two studies because the March study asked more detailed questions and got a higher response rate than did the May survey, said Dallas Salisbury, president of EBRI.)

One reason for the slight upturn is the issuance of new pension regulation has stabilized, Mr. Salisbury said.

"You've had time (now) to react to most of the changes of the tax act of 1986. There basically has been no pension regulation since

See **Coverage** *on page 32*

Pension coverage and participation



Source: Employee Benefit Research Institute, Washington

KIMBERLY MART

TREASURY MANAGEMENT

Women continue to earn less than male counterparts

■ The average salary earned by treasury professionals last year was $58,680, compared with $54,110 in 1990, according to a survey by the Treasury Management Association.

Survey respondents reported an average salary increase of 6.7% from their 1990 earnings.

Female executives, however, continued to earn less than their male counterparts. According to the survey of 592 treasury management practitioners and 204 bankers, the average salary for female respondents was $49,480, compared with $64,480 for male respondents.

The survey was conducted in October 1991. Results of the survey were published in the January/February issue of the association's Journal of Cash Management.

— *Fred Williams*

Salaries for selected titles

Current title	Average salary
Assistant manager - cash mgmt.	$45,000
Assistant treasurer	$66,950
CFO/CEO	$98,280
Cash/financial analyst	$39,590
Cash manager	$45,380
Controller/comptroller	$64,040
Manager/director of banking	$63,030
Manager/director of cash mgmt.	$52,980
Manager/director of operations	$73,130
Supervisor/cash analyst	$44,290
Treasurer	$76,900
Treasury analyst	$40,100
Treasury manager	$56,520
Vice president	$66,670
Vice president/treasurer	$91,820
Other corporate	$62,790

Source: Treasury Management Association Journal of Cash Management J. SMITHER/C. WATSON

INTERNATIONAL

'91 not kind to big British managers

■ 1991 was a bad year for the performance of large British money managers, reports Combined Actuarial Services, a pension fund performance measurement service.

Calendar-year 1991 returns for three of the four largest U.K. managers — Scottish Widows' Fund & Life Assurance Society (13.8%), Scottish Amicable Life Assurance Society (11.6%) and Provident Mutual Life Assurance Association (13.9%) — were well below the 17.4% return of the average manager.

The worst performer was Provident Life Association, returning 8.8%.

For the year, Lloyds Investment Managers Ltd. was the top performer, returning 20.5%, followed by Baillie Gifford & Co., at 20.3%, and Eagle Star Insurance Co. Ltd., 19.9%.

The CAPS survey covers 80 investment managers managing $34 billion for smaller pension schemes.

— *Aidan O'Sullivan*

PUBLIC FUNDS

$2 billion to stay with California

■ A denial of a court petition seeking to force California Gov. Pete Wilson to return $2 billion he took from the California Public Employees' Retirement System has left state employees in shock.

Anne Stausboll, an attorney with the California State Employees Association, one union that represents state employees, said employees thought they would win approval of the petition filed with the 3rd District Court of Appeals in Sacramento, in part because the money the governor took was interest earned on employee — not state or employer — contributions.

AP/WIDE WORLD PHOTOS

California Gov. Pete Wilson won a round in the fight over the appropriation of fund assets.

The court's decision could affect pension funds in states, counties and municipalities throughout the nation, said Ms. Stausboll.

Six public pension funds and three pension organizations, many of them outside of California, had filed friend of the court briefs in support of the petition.

In the decision, the appellate judges stated, "Petitioners claim that this reallocation of investment earnings impairs the vested contract rights of (system) members. We will conclude that no contract rights are impaired."

The appeals court also denied the employees' request to stop the transfer of the responsibility for actuarial determinations to the governor from the trustees.

Employees have asked the court for a rehearing on the petition.

Employee groups also plan to seek statewide approval from voters on an initiative that would return selection of an actuary to the trustees. The Nov. 3 initiative also would amend the state constitution, limiting future legislative actions concerning public pension systems.

Jake Petrosino, a system trustee, said employees have twice the number of registered voter signatures needed to get the initiative on the ballot.

— *Steve Hemmerick*

WASHINGTON

Congressman wants funds to look at munis

■ Rep. Tom McMillen, D-Md., wants to dress up municipal bonds to attract pension funds.

Pension funds could get an extra 43 cents for every dollar in returns through a federal subsidy under Rep. McMillen's "Invest in America Act," which is expected to be introduced this month.

Mr. McMillen believes the subsidy would not cost the government a cent. He says the flow of assets into the bond markets would drive down yields and send the average investor out of municipal bonds into taxable investments, creating revenue for the federal government. In addition, lower interest rates would allow local governments to raise additional money for new projects without going to the taxpayer.

Pension funds generally have not been drawn to the municipal bond market because they don't need the tax break that the lower-yielding bonds offer. Some union pension funds are studying his proposal.

"That sounds ingenious," said Herb Dyer, executive director of the $13.2 billion Maryland State Retirement and Pension System. Mr. Dyer said he would be concerned if the influx of assets drove bond yields to less than 7.5%. Most pension funds have actuarial assumption rates of 7.5% and higher and would not make an investment that promised returns lower than that rate, he said.

"If these are priced on a credit basis more attractively than corporate (bonds), then (pension funds) will buy these," said Michael Shone, president of Peirce Park Group, Wilmington, Del., a consultant.

But Mr. Shone does not believe the subsidy would be revenue neutral. And he cautioned municipalities still have to pay off the debt, which, as the federal government cuts back aid to local governments, could create some enhanced credit risk.

In addition, future pressure on the federal government to cut expenses could force the government to retract the subsidy at a later date, Mr. Shone said.

— *Hillary Durgin*

REAL ESTATE

Real estate firm puts time frame on asset sales

■ Ibex Institutional Advisors, Miami, has a strategy to boost the liquidity of real estate investments.

The firm expects to sell each of its properties within three to five years of making its investment, according to Jose F. Rosado, the real estate adviser's chief executive officer.

In fact, Mr. Rosado, who has nearly 20 years' experience in real estate, including helping to form in 1978 and heading Shearson Properties International, said, "We've never held a property more than three years."

Ibex, which was founded in 1987 and has $120 million in equity real estate investments under management — split 70% in apartment complexes and 30% in office buildings — recently was retained by the California Public Employees' Retirement System, Sacramento, its first pension fund client. The California fund retains discretion on whether to invest in properties IBEX presents to the pension fund.

— *Barry B. Burr*

PEOPLE

Council chooses members for executive panel

■ The Council of Institutional Investors has elected Carol O'Cleireacain, New York City finance commissioner, as chairwoman of its executive committee.

Ms. O'Cleireacain, the first woman to hold the post, also is chairwoman of the New York City Employees' Retirement System and New York City Teachers' Retirement System and is a trustee of the New York City Police Department Pension Fund and the New York City Fire Department Pension Fund. The committee plans ICC policy and strategic direction for the council.

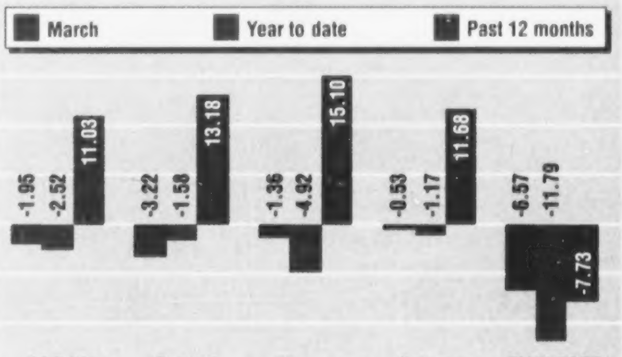
Elected as co-chairs to the committee were Kathleen Brown, California state treasurer; Tom Gallagher, Florida state treasurer and insurance commissioner; and Marvin R. Hrubes, representative of the United Food and Commercial Workers International Union Staff Trust Fund.

Founded in 1985, the council represents 66 large pension funds and addresses issues that affect the size or security of pension assets.

— *Sabine Schramm*

Pensions & Investments' indexes

The P&I monthly indexes track changes in the Standard & Poor's 500 Stock Index, Frank Russell Co.'s Russell 3000 Stock Index, the J.P. Morgan non-U.S. Government Bond Index, the Salomon Brothers Broad Investment Grade Bond Index and the Morgan Stanley Capital International Europe Australia Far East Index.



Source: Rogers, Casey & Associates and Frank Russell Co. JOHN SMITHER

TRUST SERVICES

Continental creates 2 trust units

■ Continental Bank has formed two trust subsidiaries in a move to strengthen its position as a provider of trust services.

The $130 billion in institutional tax-exempt assets administered by Continental's trust department will move to Continental Trust Co., Chicago. Jim Nemec Jr., senior vice president-securities services at Continental Bank, is managing director of the new Chicago-based subsidiary.

Jack Kruger, vice president in the trust department, will be managing director of the New York subsidiary, whose name — The New York Trust Co. — is pending approval. The New York subsidiary is chartered as a limited purpose trust company, handling processing, settlement and payment services.

Although there is a formal process of notification to customers, it will be business as usual.

The New York subsidiary will be able to provide services to New York-based accounts, particularly insurance companies that because of legislative restrictions cannot move assets from state to state.

The subsidiaries will be more focused as a business, added Mr. Nemec. He sees the trust companies expanding into facility management for other trust departments and going into joint ventures with other banks exiting the trust business.

— *Sabine Schramm*

Portfolio

Continued from page 3

ment, the value of that land drops sharply. The two pension funds also plan to refuse tenant demands for major tenant improvements, as much as $50 a square foot. But that might mean lower rents for the properties than what the pension funds had expected.

Washington and Ohio officials say they are worried about the economy and the effect on the portfolio of social and environmental issues. (The properties primarily are in Dallas, Chicago, Washington, D.C. and Southern California.)

The portfolio, for example, includes Pacific Gateway, a 19-building industrial park in Torrance, Calif. near Los Angeles. Washington officials fear defense and aerospace industry layoffs in the area could cause a further downturn in California's economy and affect the industrial park.

Also, sale of Pacific Gateway has been blocked because it is near a site built during World War II for the manufacture of artificial rubber and might become a Superfund clean-up site.

The Illinois land holdings are mostly near Chicago in Lake Forest and Du Page County. But land sales are difficult because of the economic downturn and restrictive bank financing.

Some 73% of the portfolio's 8 million square feet of office space is in Texas, primarily in the Dallas area, which remains in a slump. Local portfolio tenants include two troubled banks — MBank and First City Bancorp.

"Who knows what the economy is going to do. . . . If we go into another stall and a double- or a triple-dip recession, that is going to be troublesome for every real estate portfolio," said Kevin Mahony, Copley's chief investment officer.

Copley charges about 75 basis points per year of the total value of the $1.8 billion portfolio. Prentiss charges about 3% of gross revenue, a standard fee.

Copley and Prentiss have earned — but not taken all of — about $99 million in fees so far. Some of Copley's fee — both earned and in the future — is expected to be reduced, and some of Prentiss' deferred. Fund officials would not disclose to what extent fees would be reduced.

By 1989, Copley and Prentiss had sold about $1 billion worth of the original investment, at what Washington officials described as high prices. Copley returned some of the money to investors, $59 million to Washington, but began development projects so the portfolio remains about the same size.

"Over the course of five years, we have built all over," said Mr. Prentiss. Developments included major office buildings in Dallas. "We turned around and built a bunch of new buildings. We didn't build them to lose money."

Ohio's Mr. Mitchell said he doesn't agree with everything the Washington fund wants to do with the portfolio, nor Washington with him. But "we have sort of got our arms around it."

The Washington and Ohio officials declined to identify the area of disagreement. But a source said the issues primarily involve matters of degree of action. At this point, the funds plan to sell some properties, improve others and possibly return at least one property to the lender.

Pension fund staff members and advisers say they need a national economic turnaround to give an economic lift to the portfolio. ■

Coverage

Continued from page 2

1987 and so the environment has stabilized," Mr. Salisbury said.

But he warned because of the recession, "there's every reason to assume that when we see figures for 1991 and 1992 we may well see some erosion."

The increase in coverage still is dwarfed by the size of last decade's decline, mostly at smaller companies.

Contributing to the decline of plan coverage is the rising cost of health care; a shift in workers to smaller companies; corporate downsizing; and the rise in the use of defined contribution plans, as some employees opt not to participate in those voluntary plans.

With health care costs skyrocketing, Mr. Salisbury noted, small companies no longer can afford both health and pension benefits. And employees faced with a choice, typically will choose health insurance, he said. "Health care inflation during the '80s probably did more than any other thing to cause a decline in pension coverage and participation."

According to EBRI, the larger a company, the greater the likelihood it will offer a pension plan and the more employees will be covered.

At the large corporate level, however, there is a burgeoning sense of responsibility for employees' pension coverage.

But large companies still are laying off people, increasing the number of contingent workers, defined as part-time, temporary, "life-of-project" or leased employees.)

Richard S. Belous, senior economist at the National Planning Association, Washington, said he predicts the decline in employee coverage the United States is likely to see as a result of the recession will remain a fact of life for some time to come.

While some argue certain potentially covered workers are not being counted by the census surveys, Mr. Belous for his part argues the number of uncovered, contingent workers also is understated. As a result, he believes the percentage of employees covered by pension plans is going to drop to the 38% to 39% level and stay there after the economy has recovered.

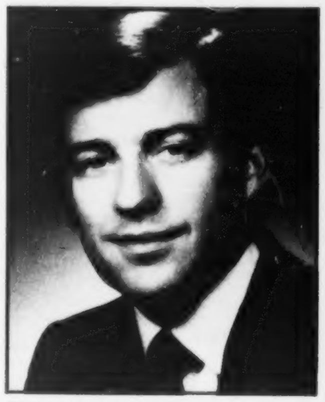
Also integral to the decline of plan participants is the advent of voluntary pension plans — defined contribution plans like 401(k)s, profit-sharing plans and money purchase plans — that are overtaking the defined benefit plan as employers' plan of choice.

Defined contribution plans accounted for 80% of all pension plans in 1988, compared with just 67% of plans in 1975, according to EBRI. Meanwhile, in 1988, 32% of primary pension plans were defined contribution plans, up from just 13% in 1975.

"Between 1979 and 1988, the proportion of workers who had a plan at their company probably didn't change much, but the proportion included did decline a little, and what I think is part of the reason is voluntary plans," said Joseph Piacentini, director for pension issues at Aetna Life & Casualty Co., Hartford, Conn.

Some employees in companies with defined contribution plans have chosen not to participate, Mr. Piacentini said, which further reduces coverage.

This trend toward voluntary plans in the private pension system also could exaggerate the extent of the coverage drop, Mr. Piacentini argued.



Dallas Salisbury says rising health care costs have reduced pension coverage.

He said the nature of the questions on the surveys, which are conducted by the U.S. Bureau of the Census, are confusing to employees who may not think of a defined contribution plan as a pension plan. Their own employers likely call these vehicles savings plans, rather than retirement or pension plans.

Studies from 1988 on have follow-up questions designed to catch people with defined contribution plans who, in answer to earlier questions, said they had no pension plan.

Without the follow-up questions included, about 50% of those surveyed in 1979 said they were covered by a pension plan, while 44% said they were covered in 1988. But, if the answers to the follow-up questions, first asked in 1988, are culled for discrepancies, 48% of those surveyed in 1988 were indeed saying they were covered by a pension plan, just a different kind of pension plan. ■

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AT DEADLINE

Proxy resolution draws 14%

The New York City Employees' Retirement System's proxy resolution requiring General Dynamics to have a majority of independent board members drew 14% support from shareholders.

The support is above the 3% level the SEC considers significant enough to permit the reintroduction of the same proposal next year, said John J. Murphy, executive director.

Endowment hires 2 for stock

Middlebury College, Middlebury, Vt., hired two managers to run $15 million each in domestic equities for its $236 million endowment fund, said Carol Lusk, endowment investment manager.

Hired were Harbor Capital Management and Essex Investment Management. The $30 million was taken evenly from an intermediate cash fund and a hedged equities fund, both managed by The Common Fund. The endowment transferred an additional $15 million from the hedged equities fund to the Common Fund's domestic equity account.

JWP selects IDS Trust

JWP Inc. has hired IDS Trust to serve as investment manager, administrator and trustee of its $23.1 million 401(k) plan. IDS will provide four investment options: a pooled GIC fund, a balanced mutual fund and two equity funds.

Fund picks consultant

Stevens Graphics Corp. hired the asset management consulting group of Rauscher Pierce Refsnes to provide consulting services to

Continued on page 29

INSIDE

BROOKE HUMMER

Seeking a comeback

Victor Morgenstern, president of Harris Associates, which has suffered the loss of clients and a high-profile staff member, is hoping an economic recovery and a new mutual fund will reverse the firm's fortunes. Page 15.

Sears shareholder revolt is cooling

Increase in stock price gives management a second chance

BROOKE HUMMER

Proxy resolutions pushed by Robert A.G. Monks may get no more than 20% of the vote.

This story was reported by Joel Chernoff, Lisa M. Keefe and Paul Merrion.

CHICAGO — Anti-management proxy resolutions at Sears, Roebuck and Co. likely will garner only 15% to 20% of shareholder votes, a canvass of institutional shareholders shows.

The telephone survey was conducted by *Pensions & Investments* and its sister publication, Crain's Chicago Business, in advance of Sears' May 14 annual meeting in Atlanta.

The vote is viewed by some as a test case for the growing strength of the corporate governance movement. But with Sears' stock price up significantly from last year, some of the edge has been taken off the battle.

Indeed, the company that some observers had labeled the next GM — referring to the shake-up at General Motors Corp. last month — now appears to be a company whose management may have bought more time to increase shareholder value.

Two key shareholder proposals — one that calls for the chairman and chief executive post to be split, and another that asks for a public study of the breakup value of Sears — are unlikely to gain enough support to galvanize Sears' historically reticent board of directors.

One wild card in the contest will be the votes cast by Sears employees — who together control 21.9% of company shares. The results of last year's employee vote, recently released internally by Sears, reveal a surprising level of discontent among employees. And with wave after wave of layoffs, morale has only dropped since then.

But major institutional shareholders — who control about 40% of the company's 344 million shares — are expected to cast less than 20% of their shares in favor of the anti-management proposals on the proxy.

Still, the annual meeting likely will set the tenor of Sears' relationship with results-hungry Wall Street for the next 12 months. Interest in the meeting has been heightened since GM's board shook up top management.

In fact, officials at the $68 billion California Public Employees' Retirement System, Sacramento, would like to see a recurrence of the GM shake-up at Sears. "We really would like the board to take ahold of this situation," said Richard Koppes, the fund's general counsel.

See **Sears** *on page 26*

L.A. riots terrorize money managers

Firms turn to emergency work plans

By Steve Hemmerick

LOS ANGELES — Rioters and looters terrorized this city's financial community as they swept into downtown Los Angeles and raged down Wilshire Boulevard.

Nervousness and sheer fear flushed anxious investment management firms' staffs from their workplaces. Many employees dodged fires, looting and police and fire lines on their way home during the rioting. Many money managers and businesses closed their businesses for one day.

The Dow Jones Industrial Average closed April 30, the first full day of rioting following the Rodney King verdict, at a high of 3359. The next day, with many money managers working under emergency plans designed for earthquakes, the Dow took a 23-point dive.

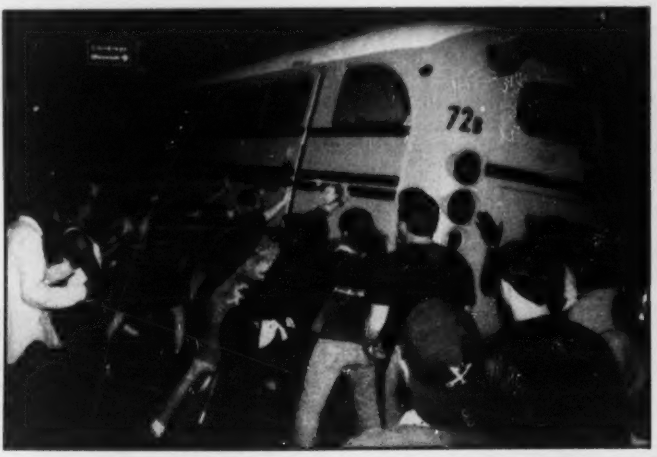
Although almost all spoke of the fear that rolled through their lives, pension fund officials and money managers took different tacks in dealing with the riots:

- Capital Guardian Trust Co., Los Angeles' largest money manager, closed at 2 p.m. April 30. Traders and investment controllers, used in monitoring trading activity, were sent to its Brea office, about 25 miles from its downtown office, May 1. Some portfolio managers and research personnel worked at home. If needed, the firm could have moved its trading operations to its offices in San Francisco or New York.

"I think the bigger concern was the nervousness and the anxiety" among employees, said James F. Rothenberg, president of Capital Guardian. "People had radios (in the office before it closed), and the coverage made it sound like the world was coming to an end."

- Merus Capital Management closed its downtown Los Angeles

See **Riot** *on page 31*



AP/WIDE WORLD PHOTOS

Investment professionals had to dodge violent scenes as they tried to escape the riots that consumed downtown Los Angeles.

GM stock contribution eases underfunding

By Curtis Vosti

NEW YORK — General Motors Corp.'s planned contribution of up to $500 million of new company stock to its pension plans is targeted to reduce the auto giant's $8.6 billion unfunded pension liability.

It also could be used to save cash that otherwise would be used for minimum contributions in coming years, as the auto giant restructures in an attempt to remain a viable company.

The contribution of common stock to GM's $34 billion defined benefit plans will be made after $2.4 billion of new common stock is issued.

Funds cautious about new GM stock issue. Page 3.

W. Gordon Binns, president of General Motors Investment Management Corp., the subsidiary that oversees investment management of GM's $40.8 billion in employee benefit assets, said the company announced the pension fund's stock contribution at the same time as the public stock offering to let investors know about the additional dilution of the more than 600 million shares of common stock outstanding. The two offerings constitute an approximate 11% dilution of existing shares.

The stock contribution will be a supplement to an unspecified cash contribution, the company's first since the mid-1980s.

GM expects to contribute up to 12 million shares to the pension fund. GM common stock closed at $40.50 May 6.

In its last contribution to the pension fund, in 1987, GM contributed 19.6 million shares of a new preference stock valued at an average of $53 a share, or a $1.04 billion contribution.

The 1987 preference stock contribution took advantage of tax

See **Liabilities** *on page 27*

BEST AVAILABLE COPY

NEWS DIGEST

GREG LOUDON

Standards created for investment advisers on the presentation of performance numbers seem to have neglected the very audience they were intended to serve. In Commentary, Page 11.

SPECIAL REPORT: CANADIAN PENSION SCENE

The question of Quebec's political future is keeping investments from Quebec-based organizations. Page 12.

New legislation increasing the amount Canadian pension funds can invest outside the country is being felt by managers and consultants. Page 12.

INTERNATIONAL

The proposed $750 million IPO of an Irish aircraft leasing company has run into turbulence. Page 6.

The showdowns and high dramas in the former Soviet Union republics slow efforts to channel U.S. pension fund capital into the region. Page 19.

REAL ESTATE

A Blue Cross & Blue Shield pension fund buys Olympia & York's interest in a privately held REIT. Page 2.

The General Board of Pensions of the United Methodist Church is putting $5 million into an innovative, low-income housing investment strategy. Page 22.

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P&I takes on a new look

Pensions & Investments has a new look. Effective this issue, *P&I* is using a new, thicker paper stock. Publisher Bill Bisson said the matte-finish stock produces "truer colors, colors that hold better." The new paper also helps legibility because it cuts glare significantly. "It's an improvement in quality, a better look for *P&I*," Mr. Bisson said.

Industry faces 2 standards

Portability of performance, use of cash sets them apart

By Fred Williams

The investment management community, which has thrived for years without uniform performance measurement and reporting standards, soon might have two such standards to consider.

One set of standards has been developed by the Association for Investment Management and Research, Charlottesville, Va.; the other has been developed by a task force of the Investment Management Consultants Association, Denver.

Both are designed to simplify performance comparisons among managers and to reduce misuse of performance figures in marketing and reporting to pension fund officials.

Although the standards parallel in most areas, significant differences exist. Among the issues with varying treatment:

- **Cash in balanced accounts.** The AIMR generally wants cash allocated to the asset class from which it comes, i.e., equities and fixed income. The IMCA generally wants cash to be accounted for separately.
- **Portability of performance.** The IMCA would allow limited transfers of performance achieved at another firm, if disclosed. The AIMR does not permit portability.
- **Composite reporting**. The money management group requires composites based on account size. The consulting group prefers equal weighting.

The two sets of standards are aimed at different audiences. The AIMR's are designed to provide disclosure rules for money managers, while the IMCA's are designed to guide the consultant industry in how it uses the data provided by money managers.

The most widely known and familiar standards thus far are the AIMR rules, which have been in circulation for several months. But the IMCA standards, which were released in draft form to a limited audience less than a month ago, might cause the investment management community to take notice because of the consultants' role as conduit for new business.

Both are slated to become effective for their respective members in early 1993.

The IMCA standard draft was distributed to members of the performance standards task force, which included several non-member consulting firms, for review in April. Most large consulting firms have not yet had an opportunity to evaluate how the two sets of standards compare. Another draft is expected to be disseminated to the consulting industry later this year.

Most consultants agree, however, it will be they who determine which standards are used for information reporting and in money manager searches for pension clients.

Consultants point out the IMCA standards are built largely on the AIMR standards.

"We support the AIMR standards, but would like to see some changes made," said Leonard Armstrong, vice president with Merrill Lynch & Co., Albuquerque, N.M., and former president of the IMCA.

Said Terry Bilkey, principal with Yanni Bilkey Consulting, Pittsburgh: "My guess is that consultants will probably do as a group whichever is easier for us given the data bases we must maintain.

"What will eventually happen is that the standards which prevail

See **Standard** *on page 30*

O&Y unit sells stake in REIT

By Terry Williams

The $800 million Blue Cross & Blue Shield Association National Retirement Trust, Chicago, has acquired cash-strapped Olympia & York's interest in the privately held Retail Property Trust.

The pension fund paid slightly more than $9 million for the portfolio of regional malls, said Terrance R. Ahern, a principal with The Townsend Group, Cleveland, Blue Cross & Blue Shield's real estate consultant.

The purchase price was almost 20% less than what Olympia & York wanted for the shares of the $800 million real estate investment trust, according to Kevin Lynch, a principal with Townsend.

An Olympia & York spokesman confirmed that Olympia & York (USA), a subsidiary of Olympia & York Developments Ltd., the giant Toronto-based developer, sold its stake in the REIT to the pension fund. The proceeds from the sale will be used for general corporate purposes, the spokesman said.

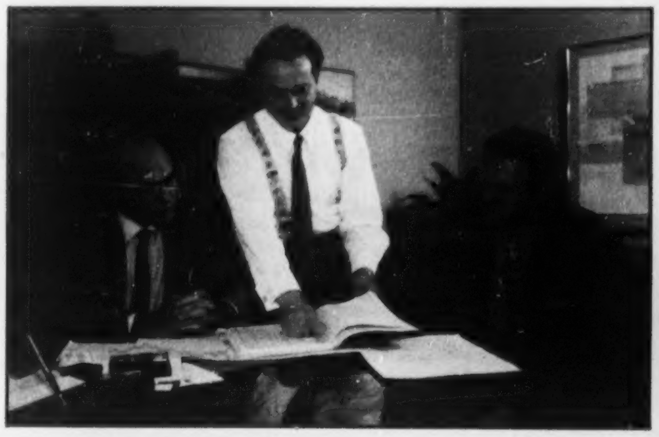
The Blue Cross & Blue Shield pension fund purchased 493,914 shares at a unit price of $18.42.

According to Mr. Lynch, Olympia & York (USA) notified the REIT's manager in October of its desire to sell its stake. The manager is The O'Connor Group, New York, according to Money Market Directory.

"Our recommendation was not to acquire at that point, anticipating further devaluation of the assets," said Mr. Lynch.

When negotiations began, the unit value of the REIT was $22.54,

See **REIT** *on page 28*



Walter Oechsle, left, Franz Schmadl and Christopher Carey joined forces to acquire currency manager Matuschka & Co.

Matuschka Group sells currency arm

By Sabine Schramm

Three key executives of Matuschka & Co., along with Oechsle International Advisors, have bought the U.S. currency manager from Matuschka Group.

The new firm — OSV Currency Advisors L.P., with offices in Boston and Frankfurt — is owned by Franz Schmadl, Christopher J. Carey and Felix von Griessenbeck, all part of the Matuschka Group's currency unit. Oechsle is a minority investor. The price of the deal could not be learned.

The new firm is a limited partnership with Mr. Schmadl and his team holding majority interest and 100% of the voting shares in the company, according to Steve Langer, partner at Oechsle. Mr. Schmadl will be general managing partner, while Messrs. Carey and von Griessenbeck will be partners.

Oechsle, a limited partner, has no say in the management of the business and has no immediate plans to market the currency services to its clients, although they are aware of the investment in OSV.

"It was a unique opportunity, which we came on by happenstance because of Franz Schmadl, whom we've known for years," said Mr. Langer.

The Matuschka Group, a German financial services firm, had announced earlier this year it would discontinue most of its institutional money management services and the firm's U.S. currency management unit might be sold.

OSV's portfolio management work will be in Frankfurt, where Messrs. Schmadl and von Griessenbeck live now. Oechsle has an office in Frankfurt as well, and "it allows us to walk across the street

See **Currency** *on page 25*

Pension funds cast a wary eye at GM issue

By Christine Philip

Pension fund executives are skeptical of General Motors Corp.'s ability to turn itself around any time soon, but some intend to take a look at the company's new $2.4 billion common stock issue.

"We are considering the stock offering and are seriously looking at GM. But whether we buy any more will take a well-demonstrated change in the company. They keep talking about change but keep falling short of success," said Roland Machold, director of the $31 billion State of New Jersey Division of Investment, Trenton.

New Jersey holds about 3.5 million shares of General Motors stock.

Mr. Machold said he has been talking with General Motors officials for many years, and "I mean what I say kindly. I look at General Motors and their attitude is of knowing what to do but not actually doing it. They know what their problems are, but they can't seem to do anything about them."

Sharon Scrogham, equity manager for the $2.4 billion New Mexico Educational Retirement Board, Santa Fe, said, "I have a positive feeling in general about General Motors, assuming they're able to restructure. But that is a big 'if.' "

The New Mexico Educational fund holds about 260,000 GM shares, which represents a slight increase in its holdings from year end. Ms. Scrogham said fund executives hope to see General Motors produce more units, better control costs and stabilize its market share.

JOE WILSSENS

GM's troubles are high on the minds of pension funds considering the company's $2.4 billion offering.

"There is a certain amount of taking them on faith," she added. "GM has to focus on quality in the future, like all U.S. auto manufacturers."

Barry L. Stevens, director-bureau of investments for the roughly $20 billion State of Michigan Retirement Systems, Lansing, said: "The potential for success of the issue in an investor's mind depends on his view of the recovery of the economy. GM is an economically sensitive stock which will profit from recovery. If you believe that the economy is recovering, you will buy it."

Michigan already holds 8.3 million shares of GM stock. "We have already felt that the company is doing what needs to be done; that's why we hold such a large position," Mr. Stevens said. "We need them to come through with results now. We don't need to be convinced to buy their shares."

New Jersey's Mr. Machold also pegs GM's success to that of the economy. If the economic recovery is strong, Mr. Machold said, General Motors stands a "good chance to succeed. GM has another leg on life, but has yet to solve its systemic problems."

One money manager — Anthony Gray, president of SunBank Capital Management N.A., Orlando, Fla. — said his firm "has used the stock in the past and would be candidates to buy more. We are reasonably positive right now with what is happening at GM."

He cited several factors that contribute to the feeling General Motors would do better, including an improvement in the auto industry generally; a decent product line at GM; and improved general management and the acceleration of cost-cutting measures.

But Mr. Gray also had some reservations over General Motors' future. "We want to get the feeling that they are taking major action to improve profitability," Mr. Gray said. "The direction in the past has been acceptable, but has not been fast enough. They know that they have to fix broken areas within the company, but have been slow to do so thus far."

Nevertheless, Mr. Gray said

See **Issue** *on page 27*

Governments look at defined contribution

By Curtis Vosti

Defined contribution plans, common in the corporate world, are sparking interest among state and local governments as they grapple with liabilities and focus on ways to supplement existing defined benefit plans.

Just in the past year, Colorado and Oklahoma have given municipalities and universities the right to establish defined contribution plans.

The interest in these plans is increasing even though the Tax Reform Act of 1986 put the most popular corporate defined contribution plan — the 401(k) — beyond the reach of governmental units that hadn't already enacted one. The prohibition against public 401(k)s might be lifted, however, and numerous other sections of the tax code allow public sponsors to form defined contribution plans.

Additionally, defined benefit anti-discrimination regulations are scheduled to be applied to public plans beginning in 1995, and that could prompt more governments to move to defined contribution structures.

Use of defined contribution plans by state and local governments is far from widespread. Fewer than 10% of 271 government entities surveyed by the Government Finance Officers Association, Washington, have some sort of defined contribution plan. On the corporate side, however, upward of 95% of corporations with $100 million or more in total revenue have such plans, according to research from Greenwich Associates, Greenwich, Conn.

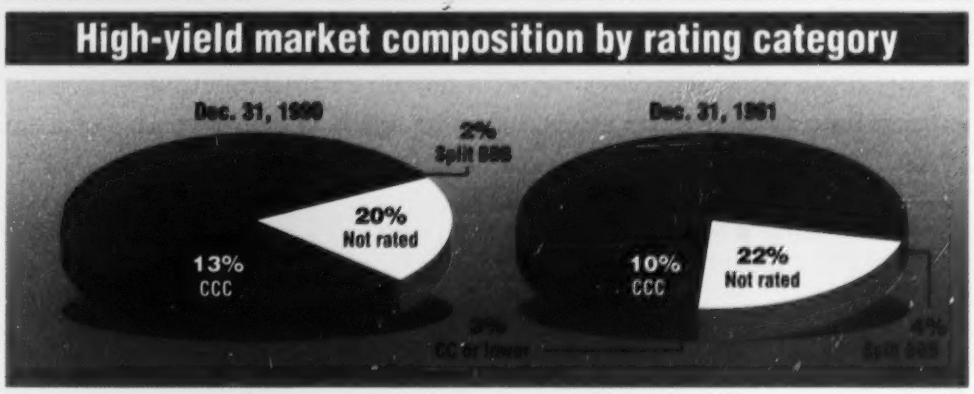
Among the plans available to governments are:

- **Section 457** plans. Probably the most popular among governments, this deferred compensation plan is not tax qualified and not trusteed. As such, the assets technically are owned by the employer until retirement distribution, and there is no five-year forward averaging allowed for taxes because the assets are considered deferred wages. But because it is not tax qualified, participants can get the money immediately upon separation from their employer without a tax penalty. Participants in other, tax-qualified plans have to wait until retirement age to access the money, or pay a tax penalty.

Also, in 457 plans, loans are not allowed and contribution limits are set at $7,500 per year — and are not indexed to inflation, as are 401(k) contributions.

- **Section 403(b)** plans. These salary reduction plans are designed for a state's educational employees. The contributions are transferred into an annuity or custodial account, and are limited to 16.7% of pay. The Teachers Insurance and Annuity Association — College Retirement Equities Fund, the nation's largest pension plan, serves university teachers under Section 403(b).
- **Section 414(h)2** plans. In these, the state or municipality

See **Plans** *on page 25*



Bond managers turning to junk

Pension clients OK hunt for high yields

By Anne Schwimmer

Hard pressed by narrowing spreads between corporate bonds and comparable U.S. Treasury securities, fixed-income money managers are becoming bigger players in the junk bond market.

Despite the dramatic meltdown in high-yield bond prices in late 1989, cautious pension executives have given their fixed-income managers the all-clear to step up junk bond investments in order to reap better yields.

By investing in top-tier junk bonds (rated BB), managers can gain 60 to 110 basis points in return over the lowest-rated (BBB) investment grade bonds.

"We as a firm have very visibly spoken out against junk bonds . . . (but) the nature of the high-yield universe has changed dramatically," said Ben Trosky, vice president and portfolio manager at Pacific Investment Management Co., Newport Beach, Calif. PIMCO has $35 billion in fixed-income assets under management, of which about $500 million to $750 million is in below-investment-grade securities.

PIMCO selectively allocates up to 10% of its fixed-income assets to junk bonds, with its clients' permission. Until 1990, it had no money in junk bonds; its below-investment-grade holdings peaked at more than $1 billion in 1991 and since have been shrinking.

Some high-grade bond managers increasing their positions in the junk bond area are Bankers Trust Co., BEA Associates and Loomis, Sayles & Co. Inc. Also increasing junk investments are high-grade bond mutual funds like the IDS Bond Fund and the Kemper Income Capital Preservation Fund.

Money managers say they need to search for higher yields because the current low interest rate environment has been eating away at fixed-income total returns. In addition, they say, the number of issues by better-quality leveraged companies has increased.

Many of those companies are de-leveraging by opportunistically raising fresh equity in the strong stock market. They can then retire old, more expensive debt with new, cheaper issues.

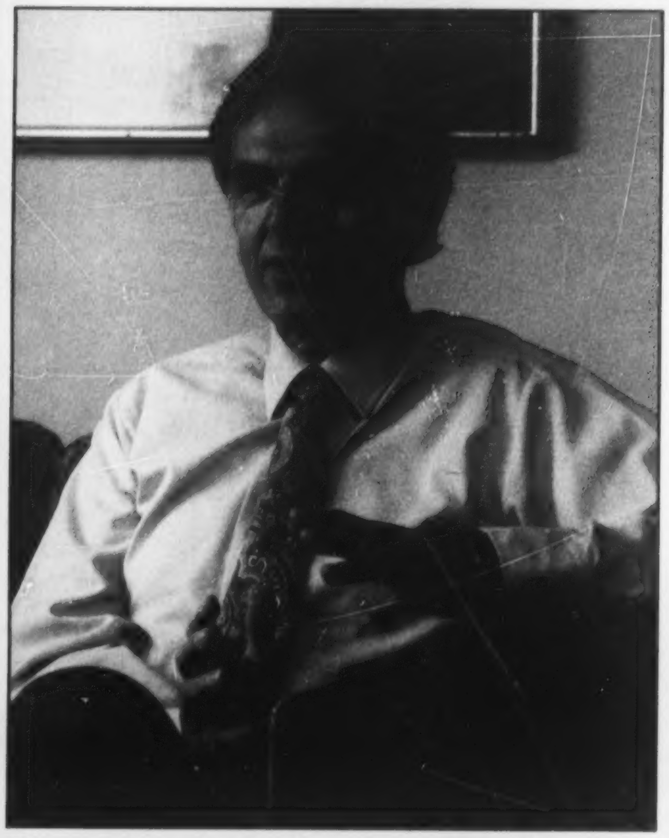
Issuers relying on crossover buyers include: Time Warner Inc., Food 4 Less Inc., The Stop & Shop Cos. Inc., Foodmaker Inc., Infinity Broadcasting Corp. and American Standard Inc.

Said Warren Ackerman, senior

See **Junk** *on page 29*

MONEY MANAGERS

Batterymarch taking a team approach to investing



Batterymarch founder Dean LeBaron said the firm's restructuring is being built on the strengths of the three team leaders.

■ Batterymarch Financial Management, Boston, has restructured its investment management staff into three teams: U.S. investments; international investments; and emerging markets.

Tom Linkas, trustee, has been appointed team leader for U.S. investments; Jarrod Wilcox, trustee, has been named team leader for international investments; and James Ullman, trustee, heads the emerging markets team.

The restructuring followed the appointment late last year of Tania Zouikin, founder of Batterymarch: Canada Inc., as chief executive officer of Batterymarch Financial Management.

Dean LeBaron, founder of Batterymarch, said the restructuring built on the strengths of the team leaders. He also said he is finalizing a plan to provide significant equity interest in the firm to key staff members.

Batterymarch's domestic equity composite was up 28.6%, net of fees, in 1991, compared with 30.6% for the Standard & Poor's 500 Stock Index.

Its international equity composite was up 11.6% and its global equity composite, 20.1%, net of fees, compared with 12.5% for the Morgan Stanley Capital International Europe Australia Far East Index. The equity fund of Latin America, with assets of $325 million, was up 96.7%, while the equity fund of Brazil, with assets of $105 million, was up 143%.

— Michael J. Clowes

ECONOMY

Economist owns up to rate miscall

■ Robert Dederick, economist at The Northern Trust Co., Chicago, knows what a difference a week can make.

In his April 3 outlook for interest rates sent to clients, Mr. Dederick insisted there would be no "meaningful change" in short-term interest rates — especially the federal funds rate — in the near future.

"How could the Fed possibly justify anything other than a stand-pat policy for now?" Mr. Dederick asked.

In his April 10 "earlier-than-usual revision," he admitted he's busy "wiping the egg off my face," because the rate indeed was lowered.

But give Mr. Dederick his due. He admits where he went wrong:

- He underestimated Fed Chairman Alan Greenspan's concerns over declining M2 numbers.
- He miscalculated Mr. Greenspan's response to some March business statistics, such as nonfarm payroll numbers and weak retail sales.
- He didn't know — who did — the Japanese stock market was going to "take gas this week and thereby spread unease elsewhere."

As a result, Mr. Dederick has changed his predictions: "Short rates will be lower than expected earlier; long rates will not."

— Nancy K. Webman

BENEFITS

Directors load up on company stock

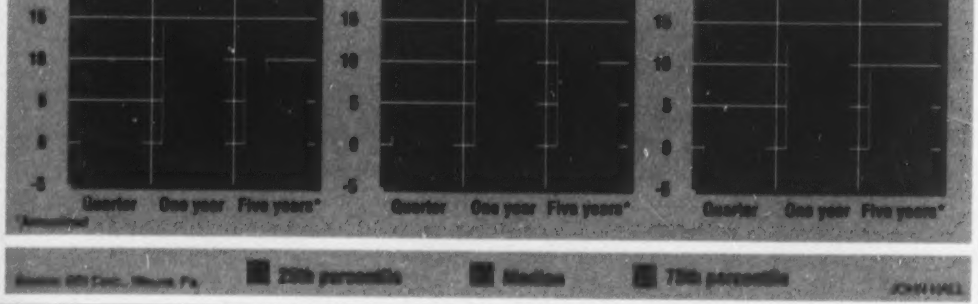
■ Use of stock-based plans to compensate directors has exploded in recent years, as companies try to align the interests of directors with shareholders, according to a survey by Hewitt Associates, Lincolnshire, Ill.

More than half (52%) of the 150 largest U.S. industrial companies use equity-based plans, up from about 2% in 1985, Hewitt found. Also, 45% of diversified service companies, 36% of banks and 31% of utilities use the plans. The most common type of plans include nonqualified stock options, restricted stock and outright stock grants.

— Joel Chernoff

SEI universe performance

(periods ended March 31)



FINANCING

Venture capital game for rich?

■ The more than $2 trillion in pension assets must look to venture capitalists like a 12-course menu does to a starving man.

While pension fund executives appear to be viewing venture capital with a jaundiced eye — because returns didn't meet their expectations and the area's lack of liquidity — the industry is still hoping for a surge in pension fund interest. That is, except for at least one academic who specializes in the venture capital area.

It is high-net worth, entrepreneurial "individuals, not the institutional venture funds that really are the farmers of American industry," William Wetzel the Forbes Professor of Management at the University of New Hampshire's Whittemore School of Business told listeners at a roundtable discussion last October.

Mr. Wetzel's comments ran in the Winter 1992 edition of the Journal of Applied Corporate Finance.

"I would guess that (individuals) invest annually between $20 (billion) and $30 billion, which is at least 10 times the amount invested by institutional venture funds," Mr. Wetzel said.

— Anne Schwimmer

INTERNATIONAL

Bank plays teacher to Asian group

■ The investment management division of First Interstate Bank of California, Los Angeles, recently played host to financial executives from China, Thailand and Taiwan at its first Investment Management Seminar for Asia Pacific Institutions.

Participants from five banks as well as China's emerging securities industry spent a month studying the principles of portfolio and risk management and theories of investment principles.

First Interstate developed the seminar to satisfy the strong interest of its Asia-Pacific clients in learning more about investment management.

"Given the rapid growth of Asia-Pacific's emerging capital markets, there exists within their financial community a growing appetite for knowledge related to the development of proprietary investment and portfolio management capabilities," Alan Adelman, senior vice president and chief investment officer, said in a news release.

The curriculum included specific study of investment management and securities analysis and a monitoring program in which students worked with a team of investment professionals observing daily portfolio management routines. Students also were given the opportunity to manage a simulated portfolio and watch its progress through the month.

— Christine Philip

Financial executives from Taiwan, Thailand and China became students at a seminar hosted by First Interstate Bank of California.

REAL ESTATE

Public funds see real estate surge

■ Public pension plans are looking to expand their real estate investment staffs at a time when corporations are expected to hold firm, according to a recent survey.

Only 5% of the chief executive officers of 502 of the largest U.S. companies with real estate interests in the United States and internationally expect to add a senior real estate executive; 50% of the public pension plans said they plan to add an experienced real estate executive to their staffs.

In addition, 33% of the money managers surveyed said they expected to add a senior real estate executive for servicing pension funds.

The survey was conducted by Chicago-based Ferguson Partners Ltd., a real estate business advisory firm. Those surveyed include the top tier companies among those affected by the real estate industry, including commercial banks, credit companies, pension fund advisers, pension funds, major corporations with real estate subsidiaries and major brokerage and development firms.

The firm reported 25% of survey participants had hired real estate personnel in the past six months, compared with 35% a year earlier.

Ferguson also found 54% of thrifts and residential mortgage banks expected to hire a senior real estate executive in the next six months. The survey indicated the skills most in demand are marketing/leasing, portfolio management and asset management.

— Curtis Vosti

Rewrite new performance presentation rule

By Frank Minard and Edward Baker

The new performance presentation standards for investment advisers appear to have been set up without due regard for their objectives or for their ultimate audience.

These standards, developed by the Association for Investment Management and Research, dictate how money managers present their performance numbers to existing and prospective clients.

Regardless of our disagreement with the standards, we applaud this effort as evidence that our industry is interested in self-regulation. The Securities and Exchange Commission has been supportive of it, hopefully removing the specter of government regulation.

Although we support the spirit of the AIMR's initiative, its standards were designed solely by investment advisers and neglect to give full regard to the needs of the clients they are supposed to serve, that is, consultants and pension plan sponsors. The standards are at variance with current industry practice in some cases or overly constraining; and in other areas they appear contradictory, or confusing.

Clearly a major objective of performance reporting must be to provide information to current and prospective clients that is useful to them. The new standards, recently unveiled and set to go into effect the beginning of 1993, don't fully achieve this goal.

The AIMR, although receptive to dialogue, shows a reluctance to actually reflect change in its standards. To attempt to address this concern, the AIMR after promulgating its standards issued an interpretive and implementation report that leaves one confused as to what is actually required and what is merely suggested.

The actual standards are very specific on certain issues, while the AIMR's interpretive guidelines allow for non-compliance in some cases. For example, the interpretive guidelines state balanced managers aren't required to allocate cash positions to separate asset classes unless they want to report the returns to those asset classes separately. While this is a fair and reasonable guide, it is in conflict with the strict dictum in the standards and will cause confusion as to how much latitude really is intended.

In this regard, a major concern has to do with the issue of "verification." The standards "encourage" verification of composites and other performance figures by an independent party. The implementation report provides detailed guidance on this issue. However, because such verification is merely encouraged, we wonder how binding the implementation report's detailed procedures really are. Thus, it seems to us acknowledgement that performance numbers have been verified will be ambiguous at best and misleading at worst.

One reason the implementation report was necessary was that the standards are in some cases at odds with industry practice, or inappropriate. For example, the standards require composites be weighted by account size, while industry practice emphasizes equal-weighting composites. Both approaches to composite construction are useful in some cases, while neither approach is inherently correct. The pension consultant community has expressed a clear preference for equal weighting.

Last fall, as the AIMR was finishing its presentation standards, another group, the Investment Management Consultants Association, set up the Consultant's Performance Standards Task Force, composed of 36 consulting firms, to draft their own reporting standards from the consultants' perspective. These standards reflect the way these consultants would like to receive performance data from investment firms; and they include disclosure standards for communication by consultants with the ultimate client, the sponsor.

Although many of the basic underpinnings of the AIMR effort are reflected in the Consultant's Performance Standards, these latter standards are more comprehensive and much more flexible. Their aim is to ensure full disclosure, consistency where appropriate, but greater flexibility where hard and fast rules lead to obfuscation.

The consultants' standards reflect the structure for performance data most useful to consultants. Once published, the consultants' standards will de facto become reporting requirements for investment managers. Presumably, money managers that want to be included in consultant data bases and consultant-conducted searches will need to conform to these standards. It clearly behooves the investment manager community to adapt to the consultants' requirements.

The consultants' task force recently distributed first draft of its standards is specifically at odds with the AIMR standards in certain respects. For example, the consultants' standards require equal-weighted composites in direct opposition to the AIMR requirement of dollar weighting.

The investment community ought to pressure the AIMR to clear up these concerns over these basic issues. Of major concern is that the AIMR set an implementation date of Jan. 1, 1993. More discussion of the standards and their implementation is necessary. At the very least, the AIMR should enter into a dialogue with the IMCA and the consultants' task force and plan sponsors to make sure investment managers only have to deal with one set of standards.

Our major goal is to see that the AIMR standards are comprehensive and consistent and reasonably conform to industry practice. The standards should help promote fair and effective communication within the community, but this can only happen if they reflect the needs and practices of its members. Once the AIMR standards are improved, a new implementation deadline should be announced to provide the investment manager community ample time to adapt. ■

Frank Minard is managing director of Oppenheimer Capital, New York, and a board member of the Investment Management Consultants Association and co-chair of the Consultant's Performance Standards Task Force. Edward Baker is director-marketing of BARRA, Berkeley, Calif., and a member of the task force.

GREG LOUDON

Probing clues to poor 401(k) asset allocation

By Kirk E. Loury

A survey of 401(k) plan participants nationwide turned up some contradictory responses, offering a clue to the difficulty corporate sponsors have in providing education on investments to employees.

The survey, conducted by New York Life Insurance Co. and the Gallup Organization, found 82% of the respondents feel satisfied with the information they receive from their employers and believe it will enable them to make well-informed investment decisions. A similar percentage of respondents said they are "very comfortable," or "comfortable" with their financial knowledge.

At face value, this overwhelming positive response should please 401(k) sponsors. Unfortunately, as the full survey makes clear, most participants confuse information they receive during the enrollment process with a true understanding of basic investment concepts. Further questions in the survey reveal only 15% of respondents receive information on the rudiments of investing, such as tax deferral and asset allocation.

It's not news that 401(k) participants often make investment decisions that seem headed to result in underfunded nest eggs. The survey shows how extensive the underpinnings of this problem are. After respondents claim to be well informed, they were asked in the survey to rate their familiarity with five basic investment concepts to validate their beliefs. The results show that for four of the five investment concepts — compounding, inflationary impact, asset allocation and age's relation to risk — about three-quarters of the respondents express unfamiliarity or only a vague familiarity. In the exception — advantages of tax deferral — nearly two-thirds of respondents expressed unfamiliarity.

Furthermore when respondents were asked why they make certain 401(k) investment decisions, the two most common responses were "no particular reason" and "don't know." Equally troubling, virtually none of the respondents indicated they base their allocation decisions on long-term investment objectives. They said their decisions are often influenced by recent changes in the economy and markets, which is simply another way to describe the highly uncertain area of market timing.

These findings are consistent with the inadequate diversification and questionable allocation decisions reflected in many of the respondent's 401(k) portfolios. For example, the youngest group of survey respondents (ages 25-34) has the most conservative investments of any age group, even including the oldest group, which begins at age 55. It's interesting to note that this youngest group has, by far, the highest level of college education, among the four age groups defined by the survey. Sponsors cannot assume that higher education will automatically result in sound investment decisions, nor does the lack of education necessarily result in inadequate decisions.

The success of a 401(k) plan must be judged ultimately by the appropriateness of the participants' contributions and investment allocations. A well-constructed 401(k) plan with wide-ranging and superior investment selections and record keeping can't be a success if participants' investments are poorly diversified and don't adequately meet their long-term retirement needs. This is the central problem employers and employees still have to confront.

A dutiful education program doesn't necessarily mean that each participant will understand what he or she has read or been told or apply this knowledge successfully. In any diverse group there will be individuals who will need programs that go beyond standard education.

As employers seek to balance their fiduciary risk with their awareness of a participant's need to make proper allocation decisions, we are likely to see more 401(k) plans make greater use of investment alternatives that offer pre-determined asset mixes that reflect age and lifestyle groupings. There already is limited use of 401(k) asset allocation consultants, and it's possible we will begin to see the use of financial planners, an option sought by 55% of the survey respondents. Interestingly, 48% of the respondents indicated they would be willing to pay up to an average of $158 fór this service.

Although participant education may be a major concern of sponsors, few are capable of fulfilling this role by themselves. Most sponsors aren't in the education business, just as they're not in the investment or record keeping business. It is incumbent on them to insist that their 401(k) providers, primarily investment advisers and record keepers, also act as educators. ■

Kirk E. Loury is marketing vice president-pensions, New York Life Insurance Co., New York.

How familiar are you with the following concepts?

	Not familiar to somewhat familiar
Benefits of tax deferral	64%
Compounding	75
Inflation's impact on investing	74
Age as it relates to investment risk	72
Asset allocation	79

Source: New York Life Insurance Co. and Gallup Organization survey of 401(k) participants.

JOHN HALL

Top reasons participants change 401(k) investments

	Percent responding
Changes in market conditions/trends*	16%
Changes in the economy*	12
Change in return/interest rates*	7
Performance	5
Change in personal situation other than income	4

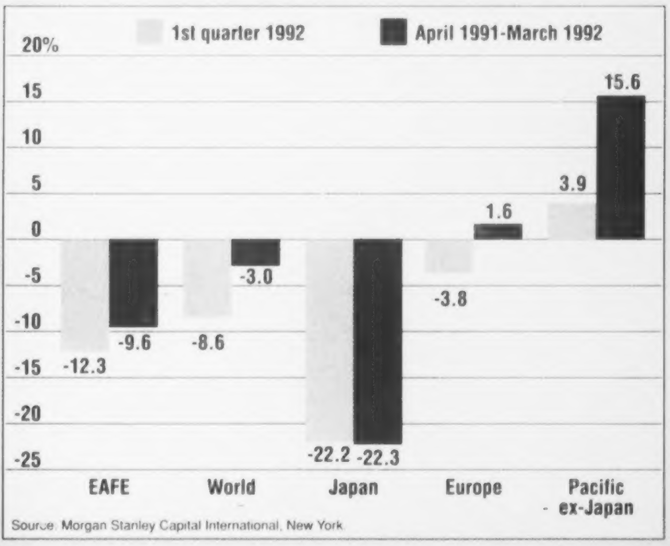
*Indicates market timing
Source: New York Life Insurance Co. and Gallup Organization survey of 401(k) participants.

JOHN HALL

STATISTICALLY SPEAKING

MSCI Worldwide indexes

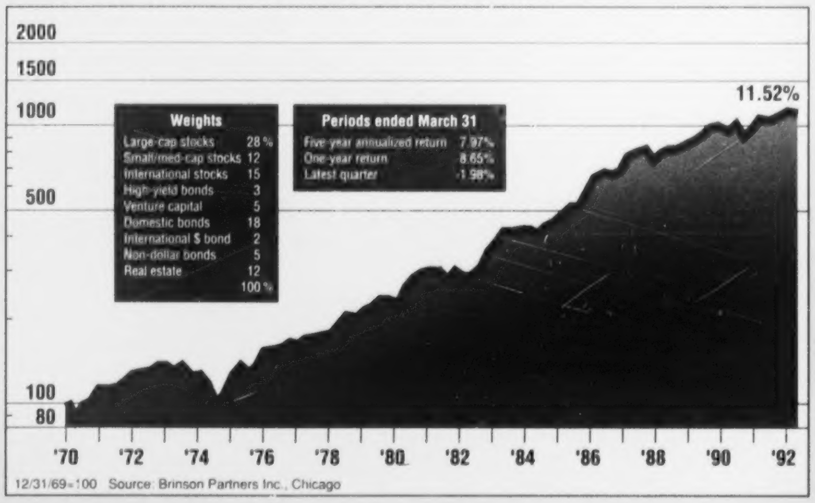
Indexes are in U.S. dollar terms without dividends re-invested



Source: Morgan Stanley Capital International, New York

Multiple Markets Index

The Multiple Markets Index is a benchmark for total portfolio returns. It is composed of nine asset classes used by retirement plan executives; it is calibrated to reflect the same degree of risk of the typical pension portfolio; it uses passive fixed policy weights; and it represents the individual asset classes by the broadest and most complete market return data available.



Weights	
Large-cap stocks	28 %
Small/med-cap stocks	12
International stocks	15
High-yield bonds	3
Venture capital	5
Domestic bonds	18
International $ bond	2
Non-dollar bonds	5
Real estate	12
	100 %

Periods ended March 31	
Five-year annualized return	7.97%
One-year return	8.65%
Latest quarter	-1.98%

12/31/69=100 Source: Brinson Partners Inc., Chicago

Russell indexes by economic sector

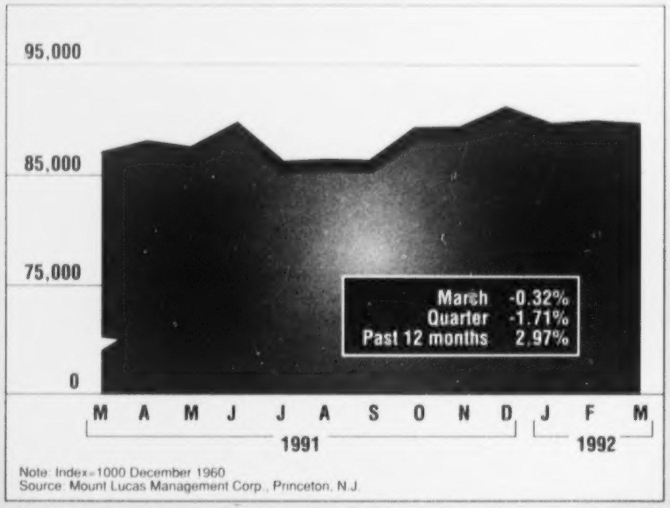
First quarter 1992 returns

	Russell 3000	Russell 2000	Russell 1000
Autos & transportation	**13.92%**	**12.47%**	**14.03%**
Consumer discretionary	3.11	13.27	2.31
Consumer staples	**-4.83**	**2.58**	**-4.93**
Financial services	2.80	14.23	1.56
Health care	**-12.63**	**-5.72**	**-13.13**
Integrated oils	-8.27	-2.41	-8.30
Materials and processing	**6.11**	**10.44**	**5.71**
Other energy	-4.79	3.13	-5.69
Producer durables	**-1.34**	**6.50**	**-2.17**
Technology	3.28	8.19	2.81
Utilities	**-6.07**	**-0.75**	**-6.20**
TOTAL	-1.59	7.50	-2.16

Source: Frank Russell Co., Tacoma, Wash.

MLM Index

The MLM Index is an unleveraged index used as a benchmark to evaluate commodity futures investments. Periods ended March 31.

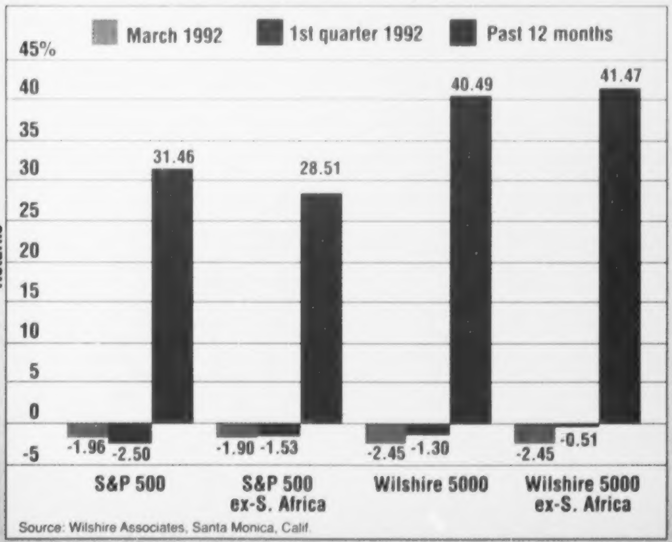


March	-0.32%
Quarter	-1.71%
Past 12 months	2.97%

Note: Index=1000 December 1960
Source: Mount Lucas Management Corp., Princeton, N.J.

South Africa Free Index

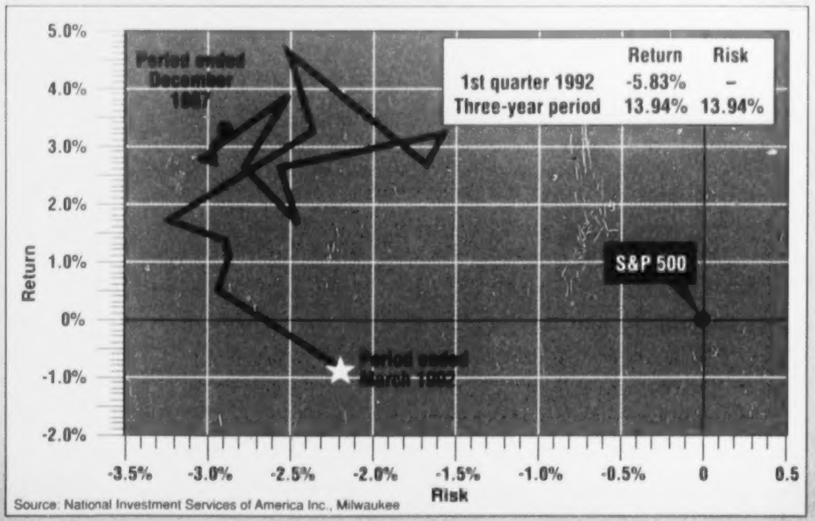
Ex-S. Africa excludes stock of companies with an equity stake in a South African business, no replacements.



Source: Wilshire Associates, Santa Monica, Calif.

An Efficient Index

The Efficient Index is an S&P 500 portfolio optimized for the lowest volatility during the previous two-year period, subject to four constraints. The line represents the return and risk figures for the optimized index relative to the S&P 500 during rolling three-year periods.



	Return	Risk
1st quarter 1992	-5.83%	–
Three-year period	13.94%	13.94%

Source: National Investment Services of America Inc., Milwaukee

GRAPHICS BY JOHN SMITHER

GIC rates bouncing back

Spreads over Treasuries widen with easing by Fed

By Fred Williams

Rates on guaranteed investment products rebounded during the first quarter as Fed easing and upward pressure on interest rates resulted in more attractive quality spreads than have been seen in several months.

Although rates were volatile during the quarter, spreads over Treasury instruments with comparable maturities widened to an average 70 to 110 basis points on five-year contracts, said John Knight, president of Lamberson Knight GIC Inc., Short Hills, N.J. That is an improvement from the 70 to 80 basis-point spreads of the previous quarter.

"People are still buying GICs; the credit concerns of the past several months are pretty much by the wayside," said Mr. Knight.

Peter Bowles, president of Fiduciary Capital Management Inc., Woodbury, Conn., said guaranteed investment contract rates began to increase in mid-January for the first time since mid-1991. He said the increase in rates is a reflection of increasing signs of economic recovery.

Mr. Bowles said the outlook for a continued improvement in CIC rates is uncertain given the election-year politics and an improving economy, and that the most likely outlook is for stable rates for the remainder of 1992.

The following insurance company rate quotes on bellwether five-year, single-deposit, simple-interest, $1 million GICs were provided by Lamberson Knight and GIC Inc., Beaverton, Ore. The first number is for March 31, 1992; the second is for late December 1991.

- Allstate Life Insurance Cos., Northbrook, Ill.: 7.53% vs. 6.41%.
- Capital Initiatives Corp., Louisville, Ky.: 7.51%; 6.32%.
- CNA Insurance Co., Chicago: 7.29%; 6.44%.
- Confederation Life Insurance Co., Atlanta: 7.72%; 6.57%.
- Continental Assurance Co., Chicago: 7.29%; 6.34%.
- Hartford Life Insurance Co., Hartford, Conn.: 7.3%; 6.28%.
- John Hancock Mutual Life Insurance Co., Boston: 7.32%; 6.45%.
- Life Insurance Co. of Virginia, Richmond: 7.56%; 6.68%.
- Lincoln National Life Insurance Co., Fort Wayne, Ind.: 7.47%; 6.37%.
- Manufacturers Life Insurance Co., Toronto: 7.37%; 6.49%.
- Massachusetts Mutual Life Insurance Co., Springfield: 7.12%; 6.02%.
- Nationwide Life Insurance Co., Columbus, Ohio: 7.31%; 6.24%.
- New York Life Insurance Co., New York: 7.55%; 6.5%.
- Northwestern National Life Insurance Co., Minneapolis: 7.45%; 6.39%.
- Ohio National Life Insurance Co., Cincinnati: 7.73%; 6.73%.
- Pan American Life Insurance Co., New Orleans: 7.59%; 6.44%.
- Penn Mutual Life Insurance Co., Philadelphia: 7.7%; 6.46%.
- SAFECO Corp., Seattle: 7.48%; 6.77%.
- State Mutual of America, Worchester, Mass.: 7.59%; 6.49%.

William M. Mercer Asset Planning Inc., Deerfield, Ill., surveys insurance companies for rate quotations, and provided the following summary of various bullet GICs for March 1992:

- Three-year, $1 million, compound: high, 7.55%; low, 5.43%;- average, 6.51%.
- Three-year, $1 million, simple: high, 7.45%; low, 5.45%; average, 6.48%.
- Five-year, $1 million, compound: high, 8.04%; low, 6.5%; average, 7.5%.
- Five-year, $1 million, simple: high, 8.04%; low, 6.44%; average, 7.39%.
- Seven-year, $1 million, compound: high, 8.46%; low, 6.93%; average, 7.84%.
- Seven-year, $1 million, simple: high, 8.27%; low, 6.91%; average, 7.7%.
- Three-year, $5 million, compound: high, 7.8%; low, 5.03%; average, 6.53%.
- Three-year, $5 million, simple, high, 7.75%; low, 4.91%; average, 6.52%.
- Five-year, $5 million, compound: high, 8.09%; low, 6.4%; average, 7.53%.
- Five-year, $5 million, simple: high, 8.09%; low, 5.84%; average, 7.41%.
- Seven-year, $5 million, compound: high, 8.52%; low, 7%; average, 7.9%.
- Seven-year, $5 million, simple: high, 8.32%; low, 6.52%; average, 7.74%.

Mercer also surveys banks for rate quotes on their guaranteed instruments. Rates on one- and three-year bullet BICs for March were:

- One-year, $1 million, compound: high, 5.05%; low, 4.07%; average, 4.64%.
- One-year, $1 million, simple: high, 5.21%; low, 4.07%; average, 4.71%.
- Three-year, $1 million, compound: high, 6.83%; low, 5.71%; average, 6.32%.
- Three-year, $1 million, simple: high, 6.97%; low, 5.84%; average, 6.41%.
- One-year, $5 million, compound: high, 5.06%; low, 4.17%; average, 4.7%.
- One-year, $5 million, simple: high 5.26%; low, 4.17%; average, 4.77%.
- Three-year, $5 million, compound: high, 6.83%; low, 5.81%; average, 6.38%.
- Three-year, $5 million, simple: high, 7%; low, 5.94%; average, 6.46%.

Schmidt Management Co., a GIC market research and consulting firm in Tulsa, Okla., has developed a guaranteed product performance measurement index. The Schmidt GIC Composite Index approximates the return of a continuous weighted investment in one- to 10-year original maturity GICs. The index shows returns, not rates.

For the first quarter of 1992, the Schmidt GIC Composite Index had a total return of 2.07%, compared with 0.98% on 90-day Treasury bills, −2.5% for the Standard & Poor's 500 Stock Index and −1.44% for the Merrill Lynch Government/Corporate Bond Index. ■

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Northern Trust Global Custody

Reebok vote signals shareholder interest

By Joel Chernoff

WASHINGTON — The 26.9% vote in favor of a proposal to create an independent compensation committee at Reebok International Ltd. reveals budding institutional interest in executive pay issues.

"It's a strong indication that these issues are getting substantial attention from shareholders," said Luther Jones, manager of corporate affairs for the $26 billion Florida State Board of Administration, Tallahassee, which supported the proxy resolution.

The vote in favor of the Reebok resolution was significantly higher than tallies on pay-related resolutions at other companies so far this proxy season. In February, the Securities and Exchange Commission said for the first time ruled pay-related shareholder resolutions at 10 companies must be included in corporate proxy materials, albeit with some minor changes. Eight of those proposals survived, not including the Reebok proposal.

Resolutions at Bell Atlantic Corp., IBM Corp. and Equimark Corp. garnered votes ranging from 16% to 16.7%, according to the Investor Responsibility Research Center Inc., Washington. Resolutions at Aetna Life and Casualty Co. and Baltimore Gas & Electric Co. won only 8.6% and 12.7% of their votes respectively, the IRRC said.

Two other pay-related measures were defeated at UJB Financial Corp. and Jefferson-Pilot Corp., but both also were entangled in corporate proxy fights.

What makes the resolution at Reebok different is that it was aimed at the structure of the board's compensation committee, not at limiting executive or director pay.

Under the resolution submitted by the $20.5 billion New York City Employees' Retirement System, Reebok would have been asked to have its compensation committee composed entirely of independent directors. Reebok, which opposed the resolution, said its committee already was composed of independent directors, but the board retained discretion to determine independence.

Given that part of the fight was over semantics and not principle, the proposal fared pretty well, said Peg O'Hara, director of the Investor Responsibility Research Center's corporate governance service.

Corporate governance proposals that deal with "broad, structural issues" have won higher votes than those that would set a ceiling on executive pay, said Lilli Gordon, president of The Gordon Group, a Cambridge, Mass.-based corporate governance advisory firm. For example, the proposal at Baltimore Gas & Electric sought a cap on compensation of 20 times the average worker's pay.

Jill Lyons, director of the proxy advisory service at Institutional Shareholder Services Inc., Washington, was disappointed with the results at Reebok and elsewhere.

"I think all of the numbers were unexpectedly low," especially the Reebok proposal, she said. "I thought they would have gotten more support."

Still, Ms. Lyons and other governance experts believe institutional support for compensation proposals will increase next year as investors familiarize themselves with the issues.

Ms. O'Hara said the proposals need to be better crafted to appeal to institutional investors, and many of the proposals were not targeted at companies that had pay or performance problems.

Experts said it was too early to tell how effective strategies to withhold votes for directors at companies with objectionable pay policies have been. Pension executives are just starting to use this strategy as a way of sending a message to corporate boards.

So far, five public pension funds withheld votes for two directors who serve on the compensation committee at Westinghouse Electric Corp. to protest the large stock options awarded company Chairman Paul Lego.

The $23 billion State of Wisconsin Investment Board was one of those funds. Kurt Schacht, the fund's general counsel, explained the board voted against the directors "because we felt the compensation plan bore no resemblance to the performance of the company and we wanted to send a message regarding our concern."

The Florida fund, the California Public Employees' Retirement System and the California State Teachers' Retirement System, both of Sacramento, and the Colorado Public Employees' Retirement Association, Denver, also withheld their votes for the directors, sources said.

In addition, the California employees fund withheld its votes for IBM's directors to protest the company's pay package, said Richard Koppes, general counsel.

The next key test of institutional interest in the subject will occur at the May 21 annual meeting of Champion International Corp., where a number of funds are expected to withhold their votes for Champion's board to protest the company's weak performance under Andrew Sigler, chairman and chief executive officer (*Pensions & Investments*, April 27). ■

AT DEADLINE

Continued from page 1

its $8.5 million pension plan, according to George Wiederanders, treasurer. Consultant John Byrd will provide asset allocation and investment advice as well as manager performance evaluation.

Navistar bundles services

Navistar International has selected IDS Trust to manage, administer and be trustee for its $54 million 401(k) plan.

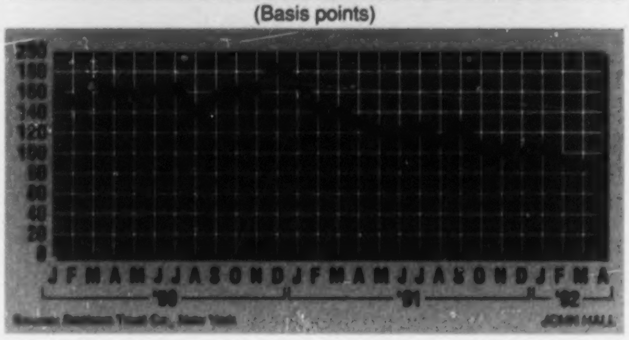
IDS will provide four investment funds. Navistar is switching from an unbundled approach using several managers with Milliman & Robertson as record keeper and Continental Bank as trustee.

Bankers Trust taps Thomson

Bankers Trust Co. named Chilton Thomson its chief international investment officer, a new position. He will be based in London and will report to H. Kent Atkins in New York.

Long 'A' industrial spread vs. Treasuries

(Basis points)



Source: Bankers Trust Co., New York JOHN HALL

Junk

Continued from page 3

vice president-fixed income at Bankers Trust Co., New York: "You see a lot of issuers re-equifying, the economic outlook looking forward is a little clearer and yield spreads (between high-grade corporates and Treasuries) are very narrow."

Bankers Trust has $7 billion in actively managed fixed income under management. Clients whose assets total $1 billion will allow part of that total to be put into junk bonds. The bank, which just began buying junk bonds in the first quarter of 1992, has about $30 million in high-yield bonds.

The wide spreads between the lowest investment-grade bonds and the highest junk bonds have proven a cogent argument, money managers said. A BBB bond (the lowest investment grade rating) is about 140 to 160 basis points over comparable U.S. Treasuries. A top-tier junk bond (rated BB) is at 220 to 250 basis points over Treasuries. That's a big increase in spread for a small step down in credit quality, managers say. And with the reverse leveraged buyout boom, many of these credits are prime candidates to move up into the investment-grade market.

"There's a sudden jump between BBB and BB," said Mark Arnold, chief operating officer and managing director at BEA Associates, New York. BEA manages $6 billion in fixed income, of which $300 million is in junk bonds.

"The market views it as: 'Oooh, you're not investing in a prudent asset anymore,' and for that reason there's a yield gap that exists, which isn't really a reflection of actual risk," he said.

Some pension funds give their money managers full discretion over the investment of their assets. In other cases, however, the bond managers have to obtain permission to invest in junk bonds, which, said PIMCO's Mr. Trosky, can be an "education process."

Some "feel it doesn't fit their risk profile," he said, while others already have a portion of their assets allocated to junk bonds and so do not want additional exposure.

Of the $6.4 billion in fixed income under management by the Boston office of Loomis Sayles, clients whose assets total slightly more than $2 billion have given the firm permission to invest in junk bonds, said Fred Vyn, vice president-senior portfolio manager. As a result, Loomis Sayles has a "fairly significant exposure" to the high-yield bond market, Mr. Vyn said, declining to cite specific figures.

A number of the firm's accounts allow anywhere from 20% to 40% of their fixed-income assets to be put in below-investment-grade bonds, Mr. Vyn said. "We're still fairly close to fully utilizing that," he said. "It's worked out really well."

The phenomenon of so-called junk bond crossover buyers was felt as early as April 1991, when RJR Holdings successfully sold a $1.5 billion 10.5% senior note issue to high-grade bond investors as well as junk buyers.

Traditional high-yield buyers increasingly have been avoiding the tightly priced top-tier bonds, where they believe they are not being appropriately rewarded for the credit risk.

Also, savvy market players noted the interest-rate risk inherent in those top-tier junk bonds has increased because the bonds are linked to the rest of the corporate market.

Now, those bonds often are based on the price of comparable U.S. Treasury securities, an anomaly in a market used to just discussing the coupon and credit risk alone, regardless of Treasury yields.

"A year ago you could have taken a shotgun approach and just bought anything. Now you have to be more selective. You have to pass on a fair number of deals if you have questions on the credit," said Fred Quirsfeld, vice president and portfolio manager of the IDS Bond Fund, Minneapolis. That $2 billion fund is required to have at least 50% of its assets in investment-grade bonds.

"I really don't like the high-yield market now," said Harry Resis, first vice president and portfolio manager of the $453 million Kemper Income Capital Preservation Fund, Chicago, an investment-grade bond mutual fund that is allowed to invest up to 10% of its assets in the below-investment-grade market. Right now the fund has about 4% of its assets in junk bonds, he said.

Mr. Resis is also Kemper's director of high-yield trading and is in charge of all of the trades for Kemper's $4 billion high-yield bond portfolio. He and others warned some crossover buyers should watch out for both credit and interest-rate risk.

"It's an interesting game, but I believe for crossover investors to play, they ought to have the resources to play. If you're buying it (a junk bond) because it has a higher yield vs. BBB securities and you don't truly understand the credit, it can be perilous," Mr. Resis said.

"The vogue is you're buying next year's investment-quality bonds," said Kingman Penniman, executive vice president and director of high-yield research at Duff & Phelps/MCM, Montpelier, Vt. "But on the other hand, the high-yield player is saying, 'Wait a minute, we've been here before,' " he said.

What happened before, Mr. Penniman explained, was a rush for yields with not enough consideration given to the financial soundness of the leveraged companies. The subsequent rash of defaults and bankruptcies has not yet been forgotten by traditional high-yield bond buyers.

"The perception was you were buying the 'rising stars,' " he said.

Now, he said, high-yield players believe issuers want them to accept less. "There are a lot of things that can change. Not all of the companies are going to be able to do IPOs," he said.

Mr. Resis said he now tries hard to find junk bonds that have minimal interest rate risk, which means avoiding "a crossover bond that is priced on a spread over Treasuries," he said.

He looks for a bond that "doesn't do what other bonds do, which is go down when interest rates go up."

"When the spreads were as wide as they were 12 months ago, you were making a pure credit bet," said IDS' Mr. Quirsfeld. "Today, spreads are so tight, you're also getting some interest rate risk."

But interest rate risk is no surprise to a high-grade bond manager. For example, Banker Trust's Mr. Ackerman said the interest rate risk on a junk bond is no greater than the interest rate risk inherent in the rest of the corporate bond market. What the crossover investors are doing is reaping higher yields for greater credit risks, he said.

"It depends to a large extent on your confidence in your credit analysis," he said. "If you've done your report and you feel pretty comfortable about your credit decision," you'll buy the bond. ■

A directory of international and global managers will be featured in the June 22 issue of *Pensions & Investments*.

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Strong markets boon to managers

Assets of top 500 firms grew 16%

By Christine Philip

Growth of discretionary tax-exempt assets invested by the top 500 money managers grew nearly 16% in 1991, rebounding from the stagnant 0.8% growth the managers reported in 1990.

The strong growth reflects not only generally stronger markets, but also better investment returns in most asset categories.

- Mortgage-backed securities showed the most overall growth of any asset class, rising 38.6% to $120.2 billion from $86.7 billion.
- Domestic indexed assets overall gained 37%, rising to $319 billion from $233 billion.
- International investments continued to show modest growth rates. Overall, assets invested overseas grew 31.9% to $134.7 billion from $102.1 billion. International equities grew a market-adjusted 18.4%, while bonds grew a market-adjusted 8.5%.
- Managers reported a huge increase in the assets managed for 401(k) and 457 plans, jumping 51.4% to $282.7 billion from $186.7 billion.
- Independent investment counselors saw their market share surge. Among the top 500 managers, ranked by discretionary tax-exempt assets, the share rose to 48% from 36% last year. And among the top 100 managers, investment counselors rose to 42% from 26%.

Discretionary tax-exempt assets managed by the 500 largest managers surveyed by *Pensions & Investments* grew 15.9% to $2.459 trillion from $2.122 trillion. The top 100 managers, also ranked by tax-exempt assets, grew 19.3% to $1.813 trillion from $1.52 trillion. Discretionary tax-exempt assets grew much less in *P&I's* survey last year; by 0.8% for the largest 500 and 4.4% for the top 100.

By way of comparison, a benchmark portfolio, using market returns, would have increased 14.1%.

(The benchmark portfolio weighting was 45% for the Standard & Poor's 500 Stock Index; 32% for the Lehman Brothers Government/Corporate Bond Index; 10% for 90-day Treasury bills; and 8% for the Russell-NCREIF Property Index.)

Mary Sue Dickinson, managing consultant in A. Foster Higgins & Co. Inc.'s New York office, attributed the higher growth rate in 1991 to active equity management and good stock selection.

"As a general rule, managers did better in styles like aggressive growth and small-cap stocks," she said. "And within those styles, the spread between the worst and the best performers and the median and the best performers was wider than the year before." Small-capitalization stocks, she said, "were beaten down so severely in 1990 that the bounce back was quite dramatic. It was an environment where stock selection made a big difference."

Total discretionary assets, including taxable and tax-exempt, increased for the top 500 managers 21.2%, to $4.546 trillion from $3.751 trillion. The largest 100 managers gained 29.3% in total assets, to $3.358 trillion from $2.597 trillion. Discretionary total assets grew by less in *P&I's* previous survey: by 8% for the top 500 and 7.6% for the largest 100 managers.

The value of discretionary tax-exempt assets represented by the entire universe of managers surveyed (excluding Canadian managers) grew a substantial 20.6% to $2.606 trillion from $2.161 trillion. Total discretionary assets, including taxable assets, swelled 17.1%, to $4.623 trillion from $3.948 trillion.

A total of 994 managers are profiled in this year's survey, including 32 Canadian firms whose assets are not included in the totals. Managers without discretionary, tax-exempt assets under management as of Jan. 1 are not listed.

The average asset mix for the top 500 managers of discretionary, tax-exempt assets was 49% equities, 29% fixed-income, 7% cash, 7% real estate equity, 1% mortgages, 4% mortgage-backed securities, and 3% other investments.

The search by investors for better yields on fixed-income instruments helps explain the growth in mortgage-backed securities.

"The use of mortgage-backed securities is up due to low interest rates," said Ms. Dickinson. "Investors are looking to buy a better yield of returns and mortgage-backed securities have tended to have higher rates of yield than T-bills or comparable maturity fixed-income instruments."

In the index fund arena, market-adjusted growth for equity indexed assets was a modest 1.5% while market-adjusted fixed-income indexed assets rose a surprising 29.8%.

Ms. Dickinson said the growth in indexed domestic fixed-income might be the result of "a belated recognition of the economies associated with indexed fixed-income, as compared to active fixed-income management."

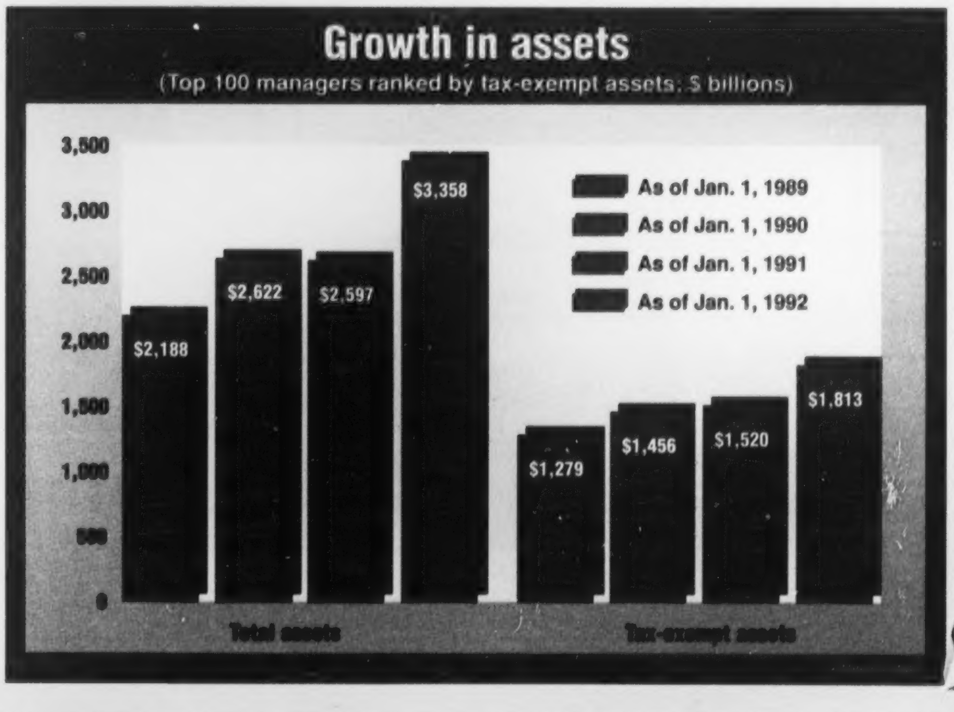
She and other consultants, however, were perplexed by the nearly 30% growth spurt and said they were unable to account for the growth. The Lehman Brothers index returned 16.1% during the year.

International investing continues to be attractive to investors, reflected in the 32% overall growth in this year's survey. This was the first year *P&I* asked managers to break out their international active and international indexed assets. Of the $98.36 billion in total international equities, 28% was indexed. Of the $28.69 billion in total international fixed-income, 4% was indexed.

Chris McNickle, principal, Greenwich Associates, Greenwich, Conn., said: "There is a second level of diversification within international equities emerging. There is a move to more specialized investments beyond (the Morgan Stanley Capital International Europe Australia Far East Index). Small-cap stocks and growth stocks, primarily in European markets, are gaining appeal, as well as investment in emerging markets."

Stephen L. Nesbitt, senior vice president at Wilshire Associates, Santa Monica, Calif., said pension fund sponsors continue to be motivated to make international equity allocations by "risk reduction through global diversification and enhanced re-

See **Growth** *on page 90*



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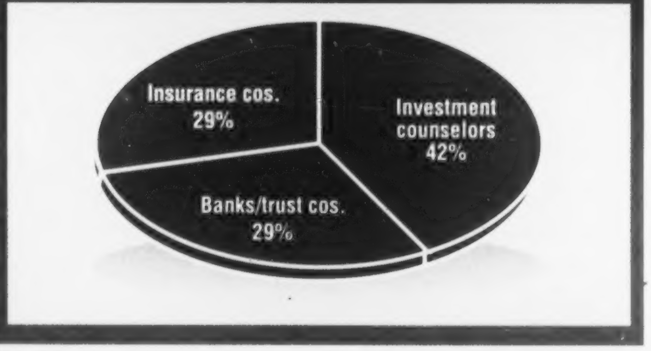
Profile statistics at a glance

Total managers profiled	**994**
Banks, trust cos. and subsidiaries	133
Insurance cos. and subsidiaries	82
Investment counselors	747
Canadian managers*	32
Minority-/female-owned firms	81
Total portfolio managers employed	**7,241**
Total security analysts employed	**5,418**
Stocks watched closely (average)	
By banks	273
By insurance cos.	322
By investment counselors	260
Stocks watched generally (average)	
By banks	1,005
By insurance cos.	827
By investment counselors	1,033
Percentage of in-house research (average)	
By banks	61
By insurance cos.	68
By investment counselors	69
No. of managers using options	**191**
No. of managers using stock index futures	**116**
No. of managers using fixed-income futures	**114**
Total discretionary assets managed internally ($ mils.)	**4,623,283**
Top 500	4,545,569
Top 100	3,358,152
Tax-exempt discretionary assets managed internally ($ mils.)	**2,606,465**
Top 500	2,458,816
Top 100	1,812,514
Banks, trust cos. and subsidiaries	669,491
Insurance cos. and subsidiaries	720,306
Investment counselors	1,216,668
Tax-exempt discretionary assets managed internally by Canadian managers ($ mils.)*	**58,765**
Real estate assets managed ($ mils.)	**183,481**
Equity real estate	87,623
Mortgages	95,858
Mortgage-backed securities assets managed ($ mils.)	**120,242**
Total indexed assets managed ($ mils.)	**348,160**
Domestic equity	231,749
Domestic bond	87,487
International equity	27,773
International bond	1,171
Total international assets managed ($ mils.)**	**134,703**
Equity	70,587
Bonds	27,522
Cash	7,650
Assets invested in GICs ($ mils.)	**150,371**
Assets invested for 401(k)/457 plans ($ mils.)	**282,742**
Assets invested in dedicated/immunized funds ($ mils.)	**61,635**

*All other data exclude Canadian managers
**Includes international indexed assets

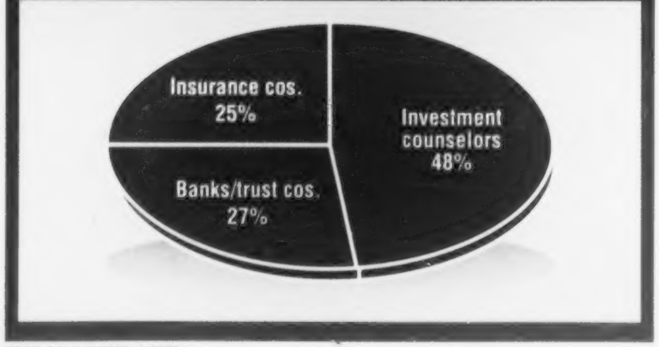
Who manages the money?

(the top 100)



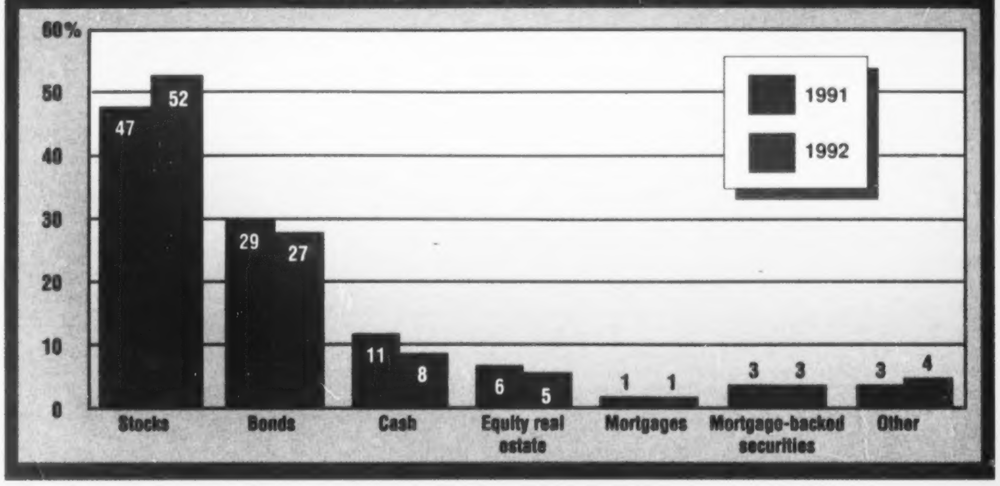
Who manages the money?

(the top 500)



GRAPHICS BY KIMBERLY MART

Overall average asset mix



Tax-exempt asset mix (by adviser)

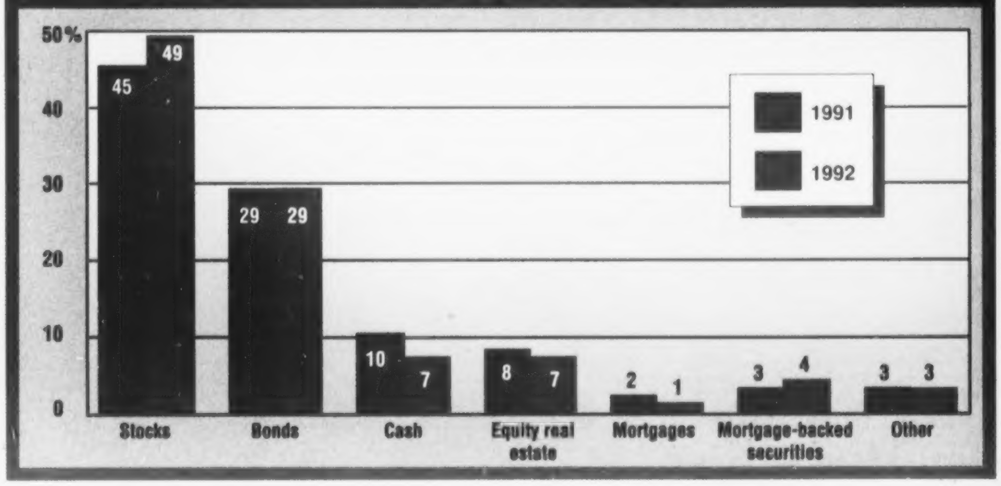
	Banks	Insurance companies	Investment counselors
Stocks	44%	42%	53%
Bonds	35	28	25
Cash	13	6	8
Equity real estate	2	9	6
Mortgages	1	3	1
Mortgage-backed securities	3	5	3
Other	2	7	4

Canadian asset mix

Canadian equities	34%
U.S. equities	7
Bonds	35
Cash	5
Equity real estate	11
Mortgages	5
Mortgage-backed securities	*
Other	3

* Negligible

Top 500 money managers' average asset mix



Information gathered from questionnaires

The data contained in the story, profiles, charts and tables in this special issue were developed by *Pensions & Investments* from answers to questionnaires.

Detailed questionnaires were sent to client contacts or chief investment officers at more than 2,300 banks, trust companies, insurance companies and independent investment management organizations in both North America and abroad.

International/global and real estate managers are included in this issue, although *P&I* will publish separate, detailed directories on those subjects June 22 and Aug. 31, respectively.

Editorial staff members worked on this issue — the 19th annual directory — for almost five months.

All quantifiable answers to the questionnaires were entered into a spreadsheet program from which the charts, tables and other statistics were drawn.

All information, except where noted, is as of Jan. 1.

As in previous years, managers were asked to provide the tax-exempt institutional asset mix; areas of investment capabilities; names and titles of the chief investment officer and client contact; and the parent company, if applicable.

In addition, firms were asked to provide the dollar amounts invested in categories such as equity real estate, mortgages, foreign investments, indexed funds and dedicated or immunized portfolios.

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Managers ranked by tax-exempt* assets

	Firm	$ mils.
1.	Bankers Trust	109,852
2.	Wells Fargo Nikko	96,715
3.	State Street Bank**	61,525
4.	Metropolitan Life Insurance	55,700
5.	J.P. Morgan Investment**	51,975
6.	Prudential Asset	50,558
7.	Aetna Life Insurance	44,598
8.	Fidelity Investments	42,700
9.	Northern Trust	35,904
10.	Pacific Investment	34,971
11.	Alliance Capital	34,039
12.	GE Investments	32,244
13.	CIGNA Investments	30,371
14.	Mellon Capital	30,288
15.	INVESCO MIM	26,936
16.	Capital Guardian Trust	26,194
17.	Equitable Capital	25,536
18.	Mellon Bond Associates	24,491
19.	Principal Financial Group	23,996
20.	Miller, Anderson & Sherrerd	22,363
21.	Jennison Associates	22,326
22.	Trust Co. of the West	21,707
23.	Boston Co.	21,656
24.	Loomis Sayles**	21,200
25.	NationsBank	21,000
26.	Fayez Sarofim	20,849
27.	Travelers	20,830
28.	Franklin Institutional	20,627
29.	John Hancock Financial**	20,614
30.	Lincoln Capital	20,335
31.	RCM Capital	18,825
32.	Brinson Partners	18,664
33.	Chancellor Capital	18,605
34.	Equitable Real Estate	18,114
35.	Wellington Management	17,518
36.	ANB Investment	17,256
37.	Boatmen's Trust	16,754
38.	Delaware Investment	15,835
39.	Prudential Fixed Income	15,471
40.	Lazard Freres	15,418
41.	New York Life Insurance	14,677
42.	Oppenheimer Capital	14,505
43.	Massachusetts Mutual Life	14,450
44.	Manufacturers Bank	14,444
45.	Fleet Investment	14,442
46.	Duff & Phelps	14,183
47.	Lehman Ark	13,882
48.	PNC Financial	12,700
49.	State Street Research	12,447
50.	Sanford C. Bernstein	12,426
51.	Scudder, Stevens & Clark	12,111
52.	Lincoln Nat'l Pension	11,865
53.	Barrow, Hanley	11,168
54.	Bank of New York	10,746
55.	SunBank Capital	10,700
56.	T. Rowe Price Associates	10,690
57.	Morgan Stanley Asset	10,577
58.	Putnam	10,413
59.	BEA Associates**	10,408
60.	Fischer Francis Trees	10,214
61.	Vanguard Group	10,200
62.	PanAgora Asset**	10,157
63.	Harris Investment	10,067
64.	McMorgan	10,000
65.	Neuberger & Berman	9,898
66.	Hartford Life Insurance	9,600
67.	Copley Real Estate	9,536
68.	Mitchell Hutchins Asset	9,502
69.	Transamerica Investment	9,223
70.	Criterion Investment	9,196
71.	Ameritrust	8,877
72.	Investment Advisers	8,754
73.	UBS Asset	8,650
74.	NBD Bank	8,600
75.	Provident Life	8,571
76.	Provident Investment	8,336
77.	Grantham Mayo v. Otterloo	8,307
78.	JMB Institutional Realty	8,273
79.	Standish, Ayer & Wood**	8,155
80.	Great-West Life Assurance	7,910
81.	Dodge & Cox	7,860
82.	ASB Capital Management	7,763
83.	Nationwide Life Insurance	7,715
84.	Newbold's Asset	7,652
85.	Payden & Rygel	7,600
86.	IDS Advisory Group	7,325
87.	Continental Assurance	7,275
88.	Wachovia	7,200
89.	Brown Brothers Harriman	7,164
90.	Stein Roe & Farnham	7,113
91.	Columbia Management	6,867
92.	Independence Investment	6,861
93.	Franklin Advisers	6,784
94.	Nat'l Investment Services	6,690
95.	Fiduciary Trust Int'l	6,454
96.	Morley Capital	6,276
97.	Banc One Investment	6,260
98.	MacKay-Shields Financial	6,144
99.	Rosenberg Institutional	6,091
100.	Weiss, Peck & Greer	6,000
101.	Merrill Lynch Asset	5,872
102.	Sears Investment	5,866
103.	Dimensional Fund	5,800
104.	National City	5,800
105.	Pacific Mutual	5,752
106.	Mutual of America	5,685
107.	Kemper Financial	5,678
108.	STW Fixed Income	5,615
109.	Shields Asset	5,518
110.	Trusco Capital	5,400
111.	Allstate Life	5,384
112.	Goldman Sachs Asset	5,203
113.	First Union Nat'l Bank	5,200
114.	Prudential Realty	5,133
115.	Glenmede Trust	5,017
116.	Baring Int'l	4,950
117.	Denver Investment	4,949
118.	Schroder Capital	4,829
119.	Columbus Circle	4,827
120.	Rowe Price-Fleming	4,788
121.	Mellon Equity	4,765
122.	Mississippi Valley Advisors	4,700
123.	State Mutual Life	4,586
124.	Bear Stearns Asset	4,557
125.	First Asset Management	4,500
126.	First Interstate Bank	4,430
127.	Capital Research	4,425
128.	Sovran Capital	4,425
129.	Wilshire Asset	4,405
130.	Phoenix	4,344
131.	Norwest Investments	4,324
132.	Western Asset	4,306
133.	Lowe, Brockenbrough	4,305
134.	United Missouri Investment	4,291
135.	First Wisconsin Asset	4,200
136.	Hotchkis and Wiley	4,193
137.	Certus Financial	4,100
138.	Heitman Advisory	4,100
139.	Yarmouth Group	4,100
140.	Dreyfus	4,052
141.	Franklin Portfolio	4,027
142.	U.S. Trust	4,000
143.	Smith Barney Capital	3,976
144.	Crestar Bank	3,960
145.	Nicholas-Applegate Capital	3,862
146.	Cooke & Biehler	3,818
147.	United Capital	3,799
148.	Luther King	3,669
149.	CoreStates Investment	3,607
150.	J&W Seligman	3,451
151.	Batterymarch Financial	3,441
152.	IDS Trust	3,441
153.	Kemper Asset	3,425
154.	T. Rowe Price Stable	3,405
155.	Manulife Financial	3,400
156.	Forstmann-Leff	3,367
157.	Eagle Asset	3,356
158.	Sit Investment	3,326
159.	Dean Investment	3,258
160.	Munder Capital	3,253
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164.	Investment Counselors/Md.	3,186
165.	Nomura Capital	3,182
166.	Kennedy Associates	3,171
167.	Confederation Life	3,108
168.	Wright Investors	3,010
169.	Jundt Associates	3,007
170.	Shearson Asset	2,962
171.	RREEF	2,931
172.	J.H. Ayres	2,800
173.	Morgan Grenfell Capital	2,790
174.	Shawmut Nat'l	2,787
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179.	Oechsle Int'l	2,692
180.	Boylston Capital Advisors	2,681
181.	First Manhattan Capital	2,660
182.	Texas Commerce	2,657
183.	Society	2,656
184.	Benefit Capital	2,635
185.	Lynch & Mayer	2,582
186.	Templeton Int'l	2,534
187.	Geewax, Terker	2,515
188.	MIMLIC Asset	2,500
189.	Sirach Capital	2,473
190.	M&I Investment	2,432
191.	Patterson Capital	2,385
192.	LaSalle Advisors	2,300
193.	Massachusetts Financial	2,287
194.	Dalton, Greiner	2,210
195.	Cashman Farrell	2,182
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241.	First Interstate/Wash.	1,559
242.	C.S. McKee	1,551
243.	Waddell & Reed	1,549
244.	Hanson Investment	1,537
245.	Morgan Grenfell**	1,525
246.	First Quadrant**	1,523
247.	Acadian Asset	1,520
248.	Daniel Breen	1,519
249.	Reams Asset	1,509
250.	Washington Square Capital	1,500
251.	Bradford & Marzec	1,495
252.	Ruane, Cunniff	1,490
253.	Hagler, Mastrovita & Hewitt	1,474
254.	AMR Investment Services	1,468
255.	O'Connor Group	1,450
256.	William Blair	1,440
257.	MPT Associates	1,432
258.	First Commercial Trust	1,427
259.	Wedge Capital	1,414
260.	Todd Investment Advisors	1,408
261.	Qualivest Capital	1,384
262.	Brundage, Story & Rose	1,353
263.	First Nat'l Bank/Md.	1,346
264.	Valley Capital	1,341
265.	Aon Advisors	1,325
266.	Eaton Vance	1,322
267.	OFFITBANK	1,320
268.	Riggs Investment	1,319
269.	Union Labor Life	1,310
270.	Midlantic Nat'l Bank	1,300
271.	Renaissance Investment	1,300
272.	U.S. Trust Asset/Boston	1,300
273.	Fiduciary Management	1,288
274.	Tom Johnson Investment	1,279
275.	Analytic Investment	1,268
276.	General American Life	1,263
277.	Sentinel Real Estate	1,250
278.	Commerce Bank	1,247
279.	Wilmington Trust	1,245
280.	Balcor	1,226
281.	Capital Growth	1,212
282.	Olympic Capital	1,206
283.	Smoot, Miller	1,191
284.	Global Fixed Income	1,189

*U.S. discretionary tax-exempt assets

**Assets underlying overlay programs not managed internally are not included

Managers ranked by tax-exempt* assets

	Firm	$ mils.
285.	Wertheim Schroder	1,183
286.	Weaver C. Barksdale	1,176
287.	Capstone Asset	1,169
288.	Argus Investors' Counsel	1,148
289.	Harbor Capital	1,145
290.	Liberty Nat'l Bank	1,134
291.	Pan-American Life	1,130
292.	Harris Bretall Sullivan	1,125
293.	Consistent Asset	1,120
294.	Frontier Capital	1,116
295.	Ariel Capital	1,100
296.	Essex Investment	1,100
297.	Harris Associates	1,094
298.	Ashland Management	1,092
299.	Property Capital	1,092
300.	Julius Baer Investment	1,078
301.	Janus Capital	1,077
302.	HD Int'l	1,076
303.	Back Bay Advisors	1,034
304.	PRIFORM Investment	1,031
305.	Chicago Title & Trust	1,028
306.	Seattle Capital	1,019
307.	Hamilton, Allen	1,009
308.	Amerindo Investment	1,008
309.	Spears Benzak	1,005
310.	McCowan & Associates	1,003
311.	David J. Greene	997
312.	Shearson Lehman Advisors	995
313.	Security Capital	991
314.	Alex. Brown Kleinwort	989
315.	Independence One	979
316.	Dietche & Field Advisors	978
317.	Morgan Stanley/Chicago	973
318.	Glickenhaus	970
319.	W.H. Reaves	961
320.	Bessemer Trust	957
321.	Atlanta Capital	954
322.	David L. Babson	933
323.	Chicago Asset	924
324.	Financial Counselors	914
325.	Federated Investment	912
326.	First Nat'l Bank/Omaha	900
327.	Marinvest	897
328.	Schaenen Wood	896
329.	LaSalle Street Capital	895
330.	Lombard Odier Int'l	893
331.	Wilmington Capital	892
332.	Bay Banks Investment	890
333.	Enhanced Investment	881
334.	Lehndorff & Babson	873
335.	Vaughan, Nelson	869
336.	Capital Trust	850
337.	McCullough, Andrews	850
338.	Continental Bank	835
339.	Montag & Caldwell	833
340.	RNC Capital	830
341.	Donald Smith	827
342.	Cramblit & Carney	825
343.	G.T. Capital	818
344.	Ganucheau, Stupfel	815
345.	Mellon/McMahon	813
346.	United Jersey Bank	804
347.	General American Investors	801
348.	Investment Research	800
349.	HGK Asset	795
350.	SAFECO Asset	789
351.	Lexington Management	785
352.	Jacobs Levy Equity	772
353.	Axe-Houghton	764
354.	Anhalt/O'Connell	763
355.	Mackenzie Investment	762
356.	Concord Capital	756
357.	Jones Lang Wootton Realty	750
358.	Kensington Realty Advisors	728
359.	Latimer & Buck	723
360.	Roger Engemann	711
361.	Ashfield	709
362.	KR Capital Advisors	707
363.	Hill Samuel/Investment	705
364.	Duncan-Hurst Capital	702
365.	Chase Manhattan/Conn.	700
366.	Quest Advisory	693
367.	Wall Street	691
368.	Citibank Real Estate	687
369.	Parametric Portfolio	684
370.	Palley-Needelman Asset	678
371.	Philippe Investment	677
372.	George D. Bjurman	676
373.	Cabot Partners	668
374.	Wells Fargo Realty	668
375.	Rogge Global Partners	663
376.	Capital Investment Services	660
377.	First Boston Asset	660
378.	Leland O'Brien Rubinstein**	659
379.	Sasco Capital	651
380.	Unity Management	650
381.	Great Lakes Advisors	634
382.	Public Storage	625
383.	Rainier Investment	623
384.	Colorado Capital	621
385.	Johnson Investment	620
386.	PCM Int'l	620
387.	Cutler	616
388.	PMRealty Advisors	615
389.	R. Meeder & Associates	614
390.	Sound Shore Management	613
391.	CB Commercial Realty	610
392.	Minton Investment	609
393.	Washington Capital	605
394.	Smith Affiliated Capital	604
395.	Dominion Trust	603
396.	Estabrook Capital	600
397.	Franklin Asset	600
398.	Marvin & Palmer	600
399.	Karsten Realty	593
400.	NewSouth Capital	589
401.	Atlantic Portfolio Analytics	581
402.	Leavy Investment	576
403.	Heartland Capital	575
404.	Capital Consultants	571
405.	Bank of America	564
406.	Spare, Tengler, Kaplan	563
407.	Horsley Keogh Associates	560
408.	Pareto Partners	559
409.	Blackstone Financial	557
410.	Bartlett	551
411.	Freedom Capital	551
412.	Dana Investment Advisors	550
413.	Sterling Capital	545
414.	Hyperion Capital	541
415.	Ferguson, Wellman, Rudd	530
416.	MIG Realty Advisors	525
417.	Cowen Asset Management	524
418.	Ameritas Investment	521
419.	Prudential Securities	519
420.	Fisher Investments	507
421.	Dunedin Fund Managers	505
422.	TSA Capital Management**	505
423.	Emerging Markets	500
424.	Cadence Capital	499
425.	Daiwa Int'l Capital	497
426.	JMC Capital Management	497
427.	Magten Asset Management	494
428.	Retirement System	493
429.	Fiduciary Capital	490
430.	Abbott Capital Management	486
431.	Metric Institutional Realty	486
432.	Portfolio Group	486
433.	Crabbe Huson	481
434.	Wood Island Associates	480
435.	Arnhold/S. Bleichroeder Int'l	476
436.	Leylegian Investment	475
437.	Madison Investment	472
438.	Keystone Investment	466
439.	Pinnacle Associates	460
440.	Seaboard Investment	459
441.	Investment Counsel	453
442.	Fox Asset Management	451
443.	Selected Asset	450
444.	James Investment	445
445.	Aronson & Fogler	434
446.	Prime Asset Management	425
447.	Froley, Revy Investment	422
448.	SCN Capital Management	421
449.	Hutson Management	420
450.	Pictet Int'l Management	420
451.	Income Research	418
452.	Hahn Holland & Grossman	417
453.	Voyageur Asset	417
454.	Clover Capital Management	416
455.	Eastbridge Capital	412
456.	Fiduciary Management	412
457.	Trevor Stewart Burton	411
458.	Nat'l Community Bank/N.J.	410
459.	Schroder Real Estate	410
460.	Value Quest	404
461.	Robert W. Baird	401
462.	Central Carolina Bank	400
463.	Dusco	400
464.	Eveans Bash Magrino Klein	400
465.	Standard Chartered Equitor	400
466.	Van Kampen Merritt	400
467.	Yeager, Wood & Marshall	400
468.	Bank IV	395
469.	Rothschild Asset**	391
470.	Resource Investments	390
471.	Citicorp Global Asset	384
472.	Calamos Asset	380
473.	Shearson Equity	380
474.	SBC Portfolio Management	374
475.	Montgomery Asset	373
476.	Birtcher Realty Advisors	368
477.	Markston Investment	365
478.	Nelson, Benson & Zellmer	364
479.	Amivest Capital	362
480.	Progress Investment	359
481.	Star Bank	358
482.	Nicholas	353
483.	Davis, Hamilton, Jackson	352
484.	Dearden, Maguire	350
485.	Kirr, Marbach	347
486.	Eastdil Realty	345
487.	Becker Capital	342
488.	Twin Capital Management	340
489.	Kleinwort Benson Int'l	330
490.	Wood, Struthers	330
491.	Austin & Calvert	328
492.	Turner Investment Partners	326
493.	Prudential Equity Investors	325
494.	Princeton Bank & Trust	322
495.	Beutel, Goodman Capital	321
496.	NFJ Investment Group	321
497.	Rightime Econometrics	320
498.	Investment Counselors	318
499.	Roxbury Capital	310
500.	Flippin, Bruce & Porter	309
501.	Posthorn Global Asset	306
502.	Walter Scott Int'l	306
503.	Burgess Capital	304
504.	Balch Hardy Scheinman**	300
505.	Burnham	300
506.	Mount Lucas Management	300
507.	Patricof & Co. Ventures	300
508.	Rice, Hall, James	300
509.	Towneley Capital	300
510.	Stratton Management	296
511.	Bailard Biehl & Kaiser	294
512.	Martingale Asset	290
513.	Cisneros Asset	286
514.	Beekman Capital	283
515.	U.S. Nat'l Bank/Galveston	280
516.	Cadinha	278
517.	Chase Investment Counsel	278
518.	American Asset/Cleveland	277
519.	Anchor Capital Advisors	277
520.	Carl Domino & Associates	276
521.	Moran Asset Management	275
522.	Taplin, Canida & Habacht	275
523.	Tempest, Isenhart, Chafee	275
524.	Yamaichi Int'l Capital	274
525.	Gulf Investment	269
526.	Haven Capital Management	267
527.	Composite Research	266
528.	Statistical Sciences	266
529.	Target Investors	266
530.	Redstone Advisors	265
531.	Virginia Investment	265
532.	Nikko Capital Management	264
533.	Jamison, Eaton & Wood	262
534.	Crawford Investment	259
535.	Liberty Capital	256
536.	Reed, Conner, & Birdwell	251
537.	Capital Advisors	250
538.	Torch Energy Advisors	250
539.	Salomon Brothers Asset	249
540.	Dillon Read Int'l Asset	248
541.	Capital Technology	245
542.	Robertson Stephens	244
543.	AMB Institutional Realty	242
544.	Van Eck Associates	242
545.	Bank of Ireland Asset	239
546.	Murray Johnstone Int'l	238
547.	Seidner	238
548.	Jenswold King	237
549.	Richard Fontaine	236
550.	Coventry Realty Advisors	234
551.	Systematic Financial	232
552.	Associated Bank	230
553.	Hawaiian Trust	230
554.	First Capital Advisers	229
555.	GMG/Seneca Capital	227
556.	Hallmark Capital	223
557.	Windham Capital	223
558.	IBJ Schroder Bank	217
559.	FFCA Institutional Advisors	211
560.	Western Capital	210
561.	Davis, Weaver & Mendel	208
562.	Greenleaf Capital	208
563.	American Asset/N.Y.	206
564.	Acorn Asset Management**	202
565.	Breau Capital Management	200
566.	Charles River Management	200
567.	M.D. Hirsch Investment	200
568.	Legg Mason Capital	200

*U.S. discretionary tax-exempt assets

**Assets underlying overlay programs not managed internally are not included

Managers ranked by tax-exempt* assets

	Firm	$ mils.
569.	Ivory & Sime Int'l	198
570.	Angeles Institutional	195
571.	Sprout Group	194
572.	Alpha Source Asset	190
573.	Meridian Management	189
574.	Caldwell & Orkin	186
575.	Kempner Capital	186
576.	Van Deventer & Hoch	184
577.	Bidwell & Riddle Investment	183
578.	William D. Witter	182
579.	Beal Investment	180
580.	Kahn Brothers	180
581.	Foxhall Investment	175
582.	Nat'l Bank of Commerce	172
583.	Granahan Investment	171
584.	D.F. Dent	170
585.	Schroder Ventures	168
586.	AIG Global Investors	167
587.	Barclays de Zoete Wedd	167
588.	Boys, Arnold	166
589.	Delaware Int'l Advisers	165
590.	Thompson/Rubinstein	165
591.	Longfellow Investment	163
592.	Jurika & Voyles	161
593.	Arnhold/S. Bleichroeder	160
594.	Campbell, Cowperthwait	160
595.	Valenzuela Capital	160
596.	Widmann, Siff	159
597.	Zevenbergen Capital	158
598.	RMI Capital Management	157
599.	Westfield Capital	157
600.	Cramer Rosenthal McGlynn	153
601.	Willoughby, Holin	151
602.	Arnold Investment Counsel	150
603.	First Interstate/Nev.	150
604.	Ambs Investment Counsel	146
605.	Devon Institutional Realty	146
606.	Merchants Bank	145
607.	Prudential Asia Fund	145
608.	Swanson Capital	145
609.	AFA Financial	140
610.	Vilas Fischer Associates	140
611.	Martin Currie	138
612.	Bell Capital Management	135
613.	NM Capital Management	134
614.	Wardley Investment	133
615.	Becker Van Etten	132
616.	Stuyvesant Capital	132
617.	Winrich Capital	132
618.	Affiliated Nat'l Bank/Greeley	130
619.	Benchmark Asset	130
620.	Guardian Asset	130
621.	Resource Investors	130
622.	Bradford Investment	127
623.	Westpeak Investment	127
624.	Narragansett Capital	125
625.	RXR Capital Management	125
626.	Godsey & Gibb Associates	122
627.	Denis Wong & Associates	122
628.	Columbus Bank & Trust	120
629.	Rhumbline Advisers	120
630.	SGI Asset Management	120
631.	Tiffany Capital Advisors	120
632.	First Coast Capital	119
633.	Argus Investment	118
634.	Clemente Capital	116
635.	Oak Hall Capital Advisors	116
636.	Kennedy Capital	115
637.	Cullen Center Bank & Trust	114
638.	MTH Asset Management	114
639.	Smith, Graham	114
640.	Chandler Liquid Asset	113
641.	HCM Capital Management	112
642.	Oxford Capital	112
643.	Gulfstream Global Investors	111
644.	Bowman Financial	110
645.	Mesirow	110
646.	Starbuck, Tisdale	110
647.	Compu-Val Investments	108
648.	Eickhoff, Pieper	106
649.	Garrison, Keogh	105
650.	Geometry Asset	105
651.	Dawson-Samberg Capital	102
652.	Baillie, Gifford Overseas	100
653.	Batterymarch: Agrivest	100
654.	Cornerstone Asset	100
655.	Marathon Asset	100
656.	Mid Atlantic Realty Advisors	100
657.	Shurgard Realty Advisors	100
658.	Sullivan Money	100
659.	Philadelphia Investment	98
660.	Phoenix Investment	98
661.	Davenport & Co./Va.	97
662.	CIC Asset Management	96
663.	Corbyn Associates	96
664.	Gabelli-O'Connor	96
665.	CMB Investment	95
666.	Wilson Foster	95
667.	Brandes Investment	94
668.	Marathon-London	94
669.	EMG Advisors	93
670.	Derby	92
671.	Hourglass Capital	91
672.	J.D Martin	90
673.	Mt. Auburn Management	90
674.	Sit/Kim Int'l Investment	90
675.	Sturdivant	90
676.	Kayne, Anderson	88
677.	Clifton Group**	85
678.	Evans & Moxon Capital	85
679.	Salem Capital Management	84
680.	Heritage Investors	83
681.	BMI Capital	80
682.	Institutional Portfolio	80
683.	Herbert R. Smith	80
684.	Snyder Capital	80
685.	McHugh Associates	78
686.	Reinoso Asset	78
687.	Executive Investment	77
688.	Scheetz, Smith	77
689.	Delta Financial	75
690.	Sullivan, Morrissey & Mickle	75
691.	Vontobel USA	75
692.	Badgley, Phelps & Bell	74
693.	Prudential Timber	74
694.	Bank of the West	73
695.	Orleans Capital	73
696.	Cumberland Advisors	72
697.	Nelson Capital	72
698.	Bounty Management	71
699.	Abner, Herrman & Brock	70
700.	Walnut Asset Management	68
701.	Cartwright & Goodwin	67
702.	Llama Asset Management	67
703.	Stephenson	67
704.	Lipman, Carasso & Young	66
705.	Robshaw & Cheskin	66
706.	Cheswick Investment	65
707.	Evergreen Asset	65
708.	Monetta Financial Services	64
709.	Perkins Capital	64
710.	Cozad Asset Management	63
711.	Sumitomo Bank/Calif.	62
712.	Excalibur Management	61
713.	Forest Investment	61
714.	Kunath Karren Rinne	61
715.	Geneva Capital	60
716.	Karpus Investment	60
717.	Parmelee Management	60
718.	Interinvest	59
719.	Rock Capital Management	59
720.	Growth Stock Outlook	58
721.	Leshner Financial Services	58
722.	Henderson Administration	57
723.	Kanawha Capital	57
724.	Marlborough Capital	57
725.	Dawes Investment Service	55
726.	Richter Asset Management	55
727.	E. Scott Urdang	55
728.	Connors Investor Services	54
729.	Marshall Plan	54
730.	Rorer Asset Management	54
731.	Eagle Capital Management	53
732.	R.W. Graybill	53
733.	Investment Management	52
734.	Dorsey	50
735.	Fielding Management	50
736.	Pell, Rudman	50
737.	Wedgewood Capital	50
738.	Genesis Capital	49
739.	Kankaku Capital	49
740.	Steven A. Noroian	49
741.	Capital Investment Advisors	47
742.	Davidson, Garrard & Goode	46
743.	Boston Advisory Group	45
744.	Florence Fearrington	45
745.	Hanover Capital Asset	45
746.	Ronald Sadoff	45
747.	Fort Washington	44
748.	Edgewood Management	43
749.	IDC Portfolio Management	43
750.	Fenimore Asset	41
751.	MSR Advisors	40
752.	Piedmont Capital	40
753.	Cseh Int'l & Associates	39
754.	C.J. Lawrence Investment	39
755.	R.M. Leary	39
756.	Dundee Partners	38
757.	Kanne, Paris & Hoban	37
758.	LM Capital Management	37
759.	Spectrum Advisory	37
760.	Summit Investment	37
761.	First Security Management	36
762.	Swarthmore Group	35
763.	Addison Capital	34
764.	Eastover Capital	34
765.	Fiske Capital Management	33
766.	Gardner Lewis Asset	33
767.	Rosenblum Silverman	33
768.	S. California Ventures	33
769.	Sabl Weil Investment	32
770.	Fine Capital Management	31
771.	Maguire Investment	31
772.	Solon Asset Management	31
773.	Barclay Capital	30
774.	Peter Ehrlich Associates	30
775.	Equus Capital Management	30
776.	Furgueson Capital	30
777	GW Capital	30
778.	IDS Wealth Management	30
779.	Nazareth Nat'l Bank & Trust	30
780.	Newport Pacific	30
781.	McMillion Capital	29
782.	MH & Associates	29
783.	Mitchell Capital	29
784.	Commerz Int'l Capital	28
785.	Connecticut Investment	28
786.	ICM Asset Management	28
787.	Northwest Quadrant	28
788.	Tanaka Capital	28
789.	Equity Investment	27
790.	Evergreen Capital	27
791.	Parker Dillon Carlson	27
792.	Rayner Associates	27
793.	Strategic Investment	27
794.	Armstrong Shaw	26
795.	Edinburgh-Wilmington Int'l	26
796.	Steele	26
797.	Allegiance Capital	25
798.	Brooks Capital	25
799.	Heine Management Group	25
800.	St. Johns Investment	25
801.	Oak Ridge Investments	24
802.	Portfolio Timing	24
803.	Hodges Capital	23
804.	Venture Capital/New Eng.	23
805.	Kenwood Group	22
806.	Muhlenkamp	22
807.	Precision Asset	22
808.	Union Capital Management	22
809.	Berents Capital	21
810.	Cattanach & Associates	20
811.	Lang Asset Management	20
812.	Lieberman	20
813.	Oakwood Counselors	20
814.	Allied Capital Advisers	19
815.	Greenville Capital	19
816.	Berger Associates	18
817.	William A. Inskeep	18
818.	Regan Money Managers	18
819.	Vydex Management Group	18
820.	American Fund Advisors	17
821.	Ewing Capital	17
822.	Hamilton Management	17
823.	Optima Funds	17
824.	Quaker Capital	17
825.	Sheffield Investment	17
826.	American Agricultural	16
827.	GeoVest Advisors	16
828.	Holland Capital	16
829.	WFG Investment	16
830.	Galleon Capital	15
831.	Leonard Management	15
832.	Princeton Investment	15
833.	Simpson Capital	15
834.	Societe Generale	15
835.	K.S. Sweet Associates	15
836.	Kenneth J. Gerbino	14
837.	Mendel Money	13
838.	Neumeier Investment	13
839.	Campbell	12
840.	Eads & Heald Investments	12
841.	Justin Asset Management	12
842.	Stratton Capital	12
843.	Cashen Investment	11
844.	JCW Investments	11
845.	Ramsay Investment	11
846.	Schuylkill Capital	11
847.	Summit Advisors	11
848.	UBS Phillips & Drew Int'l	11
849.	Union Investors Asset	11
850.	John M. Cunningham	10
851.	GLOBALT	10

Continued on page 8

*U.S. discretionary tax-exempt assets

**Assets underlying overlay programs not managed internally are not included

A

Abacus Financial Group Inc.

300 W. Washington St., Suite 1120,
Chicago, Ill. 60606; (312) 553-9300

	($ millions)
Total assets managed	5
Total tax-exempt assets	5
Discretionary tax-exempt	5
Mortgage-backed assets	0.5
No. of portfolio managers	1

Abacus Financial Group Inc., an active bond manager, uses sector analysis.

The asset mix Jan. 1 was 85% bonds, 5% cash and 10% mortgage-backed securities.

Cynthia Plouche is chief investment officer; Adela Cepeda is client contact.

Abbott Capital Management

75 Second Ave., Suite 408, Needham,
Mass. 02194; (617) 449-1171

	($ millions)
Total assets managed	972
Total tax-exempt assets	968
Discretionary tax-exempt	486
No. of portfolio managers	3
Size of research staff	4

Abbott Capital Management L.P. is a buy-out and special situation partnerships manager.

The asset mix Jan. 1 was 100% venture capital, buy-out and special situation partnerships.

Raymond L. Held is chief investment officer; Stanley E. Pratt is client contact.

Abner, Herrman & Brock Asset Management

5 Hanover Square, New York, N.Y.
10004; (212) 742-1080

	($ millions)
Total assets managed	145
Total tax-exempt assets	70
Discretionary tax-exempt	70
No. of portfolio managers	3
Size of research staff	2

Abner, Herrman & Brock Asset Management is an active equity, balanced and passive bond manager.

Its equity approach is top-down, stressing growth and low p/e stocks, with sector rotation. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 42.5% stocks, 50% bonds and 7.5% cash.

Howard J. Abner is chief investment officer; Caryn Abner is client contact.

Acadian Asset Management

260 Franklin St., Boston, Mass. 02110;
(617) 439-6141

	($ millions)
Total assets managed	1,600
Total tax-exempt assets	1,520
Discretionary tax-exempt	1,520
International equity, active	1,210
International cash assets	45
No. of portfolio managers	4
Size of research staff	2

Acadian Asset Management, an active international/global equity manager, uses a top-down, bottom-up, low p/e-oriented and quantitative approach.

The asset mix Jan. 1 was 97% stocks and 3% cash.

The parent is United Asset Management.

Gary L. Bergstrom is chief investment officer; Churchill G. Franklin is client contact.

Acorn Asset Management

2000 N. Woodward, Suite 110,
Bloomfield Hills, Mich. 48304; (313)
540-4410

	($ millions)
Total assets managed	564
Total tax-exempt assets	202
Discretionary tax-exempt	202
401(k)/457 assets managed	5
No. of portfolio managers	6
Size of research staff	4

Acorn Asset Management Corp. is an active equity and balanced manager.

Its equity approach is top-down, and looks at growth and low p/e. Its fixed-income approach uses sector analysis.

In addition to the assets above, $1 billion in U.S. institutional discretionary tax-exempt assets were managed in options overwriting programs. None of the underlying assets is managed internally.

The asset mix Jan. 1 was 57% stocks, 37% bonds, 6% cash.

Michele Hennessy is client contact.

Addison Capital Management

1608 Walnut St., 13th Floor,
Philadelphia, Pa. 19103; (215)
735-2121

	($ millions)
Total assets managed	198
Total tax-exempt assets	37
Discretionary tax-exempt	34
401(k)/457 assets managed	34
No. of portfolio managers	3
Size of researchstaff	1

Addison Capital Management is an active equity and balanced manager.

Its equity approach is bottom-up, with a low p/e emphasis. Its fixed-income approach is passive, using yield curve analysis.

The asset mix Jan. 1 was 98% stocks, 1% bonds, 1% cash.

The parent is Janney Montgomery Scott Inc.

Radcliffe Cheston is chief investment officer; James V. Kelly is client contact.

Aetna Life Insurance

151 Farmington Ave., Hartford, Conn.
06156; (203) 273-0123

	($ millions)
Total assets managed	91,988
Total tax-exempt assets	44,598
Discretionary tax-exempt	44,598
GICs	11,055
Annuities	9,010
Equity real estate assets	3,321
Mortgage assets	20,795
Domestic equity, index	541
Domestic bond, index	129
International equity, index	381
Mortgage-backed assets	3,197
International equity, active	194
401(k)/457 assets managed	11,053
No. of portfolio managers	14
Size of research staff	20

Aetna Life Insurance Co. is an active and passive equity, active and passive bond, balanced, real estate, active international/global equity, short-term, enhanced index, GIC and asset allocation manager.

Its primary equity approach is bottom-up, active and growth oriented. Its primary fixed-income approach is active and uses sector rotation.

The separate account asset mix Jan. 1 was 57.5% stocks, 25% bonds, 5% cash, 5% equity real estate and 7.5% other.

The parent is Aetna Life & Casualty Co.

Daniel P. Kearney is chief investment officer; John E. Arant is client contact.

AFA Financial Inc.

525 Hanna Building, 1422 Euclid Ave.,
Cleveland, Ohio 44115; (216)
861-1050

	($ millions)
Total assets managed	182
Total tax-exempt assets	140
Discretionary tax-exempt	140
No. of portfolio managers	5

AFA Financial Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, low p/e, Graham & Dodd and yield-based.

The asset mix Jan. 1 was 83% stocks, 17% cash.

The parent is AFA Capital Corp.

James M. Mendell is chief investment officer; James A. Hammett is client contact.

Affiliated National Bank/Greeley

P.O. Box 1098, Greeley, Colo. 80632;
(303) 395-7343

	($ millions)
Total assets managed	200
Total tax-exempt assets	130
Discretionary tax-exempt	130
No. of portfolio managers	1

Affiliated National Bank/Greeley is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a growth emphasis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 40% bonds.

The parent is Affiliated Banks of Colorado.

Don Taylor is chief investment officer and client contact.

AIG Global Investors Inc.

1 World Financial Center, New York,
N.Y. 10281; (212) 266-0405

	($ millions)
Total assets managed	16,331
Total tax-exempt assets	167
Discretionary tax-exempt	167
International equity, active	71
No. of portfolio managers	11
Size of research staff	5

AIG Global Investors Inc., an active international/global equity manager, uses a top-down, bottom-up approach with a growth emphasis.

The asset mix Jan. 1 was 100% stocks.

The parent is American International Group.

Richard Goodwyn is chief investment officer; Ronald J. Davi is client contact.

Albion Management Group

667 E. 100 South, Suite 12, Salt Lake
City, Utah 84102; (801) 328-3700

	($ millions)
Total assets managed	62
Total tax-exempt assets	11
Discretionary tax-exempt	7
401(k)/457 assets managed	3
No. of portfolio managers	3

Albion Management Group is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, growth, emerging growth and low p/e. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 56.3% stocks, 31.8% bonds and 11.9% cash.

William Toby Levitt is chief investment officer; Debra Knotts is client contact.

Aldrich, Eastman & Waltch

225 Franklin St., Boston, Mass. 02110;
(617) 261-9000

	($ millions)
Total assets managed	4,095
Total tax-exempt assets	3,950
Discretionary tax-exempt	1,635
Equity real estate assets	1,325
Mortgage assets	310
No. of portfolio managers	10
Size of research staff	4

Aldrich, Eastman & Waltch is a real estate manager.

The asset mix Jan. 1 was 81% equity real estate and 19% mortgages.

Joseph F. Azrack is chief investment officer; Susan Hudson-Wilson is client contact.

Fred Alger Management Inc.

75 Maiden Lane, New York, N.Y.
10038; (212) 806-8800

	($ millions)
Total assets managed	2,127
Total tax-exempt assets	1,572
Discretionary tax-exempt	1,572
Mortgage-backed assets	6
Size of research staff	21

Fred Alger Management Inc. is an active equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is bottom-up, growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 90.1% stocks, 5.3% bonds, 4.2% cash and 0.4% mortgage-backed securities.

The parent is Fred Alger & Co. Inc.

Fred Alger is chief investment officer; Raymond Pfeister is client contact.

Allegheny Financial Group

3000 McKnight East Drive, Pittsburgh,
Pa. 15234; (412) 367-3880

	($ millions)
Total:	
Assigned to other firms	50
Tax-exempt:	
Assigned to other firms	35
No. of portfolio managers	9
Size of research staff	3

Allegheny Financial Group Ltd., a manager of managers, offers active domestic and international/global equity, active bond and real estate management.

John D. Kraus is chief investment officer and client contact.

Allegiance Capital Inc.

300 Pacific Coast Highway, Suite 305,
Huntington Beach, Calif. 92648;
(714) 969-0521

	($ millions)
Total assets managed	153
Total tax-exempt assets	25
Discretionary tax-exempt	25
Mortgage-backed assets	10
401(k)/457 assets managed	11
No. of portfolio managers	2

Allegiance Capital Inc. is an active bond and short-term manager.

Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 62% bonds and 38% mortgage-backed securities.

William Mawhorter is chief investment officer; Bob Southard is client contact.

Alliance Capital Management L.P.

1345 Avenue of the Americas, New
York, N.Y. 10105; (212) 969-1046

	($ millions)
Total assets managed	62;337
Total tax-exempt assets	35,608
Discretionary tax-exempt	34,039
Domestic equity, index	8,280
Domestic bond, index	23
International equity, index	926
International equity, active	2,206
International bond, active	235
No. of portfolio managers	48
Size of research staff	17

Alliance Capital Management L.P. is an active and passive equity, active bond, balanced, active and passive international/global equity, active international/global bond, short-term, enhanced index and venture capital manager.

Its equity approach is bottom-up, growth. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 81% stocks, 14% bonds and 5% cash.

The parent is The Equitable Life Assurance Society of the United States.

Dave Williams is chief investment officer; Carol Zipkin is client contact.

25 largest independent managers

Firm	$ mils.*
Fidelity Investments	42,700
GE Investments	32,244
INVESCO MIM	26,936
Miller, Anderson	22,363
Boston Co.	21,656
Fayez Sarofim	20,849
Franklin Institutional	20,627
Lincoln Capital	20,335
RCM Capital	18,825
Brinson Partners	18,664
Wellington Management	17,518
Delaware Investment	15,835
Lazard Freres	15,418
Oppenheimer Capital	14,505
Duff & Phelps	14,183
Lehman Ark	13,882
Sanford C. Bernstein	12,426
Scudder, Stevens	12,111
Barrow, Hanley	11,168
T. Rowe Price	10,690
Morgan Stanley Asset	10,577
Fischer Francis	10,214
Vanguard Group	10,200
PanAgora Asset	10,157
McMorgan	10,000
Total	**434,863**

*Discretionary tax-exempt assets

Allied Capital Advisers Inc.

1666 K St. N.W., Suite 901,
Washington, D.C. 20006; (202)
331-1112

	($ millions)
Total assets managed	245
Total tax-exempt assets	19
Discretionary tax-exempt	19
Mortgage assets	4
No. of portfolio managers	8

Allied Capital Advisers Inc. is a venture capital manager that makes senior loans to small business.

The asset mix Jan. 1 was 20% mortgages and 80% venture capital mezzanine loans.

Brooks H. Browne is chief investment officer; William F. Dunbar is client contact.

Allstate Life Insurance Co.

3100 Sanders Road, Northbrook, Ill.
60062; (708) 402-2568

	($ millions)
Total assets managed	17,934
Total tax-exempt assets	5,384
Discretionary tax-exempt	5,384
GICs	3,876
Annuities	1,508
401(k)/457 assets managed	3,000

Allstate Life Insurance Inc. Co. is a GIC manager.

The separate account asset mix Jan. 1 was 100% GICs.

The parent is Allstate Insurance Co.

Thomas K. Heau is client contact.

Alpha Source Asset Management

2 N. LaSalle St., Chicago, Ill. 60602;
(312) 368-5411

	($ millions)
Total assets managed	254
Total tax-exempt assets	190
Discretionary tax-exempt	190
No. of portfolio managers	4

Alpha Source Asset Management is an active equity, balanced and short-term manager.

Its equity approach emphasizes emerging growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 17% stocks, 77% bonds and 6% cash.

The parent is Household International.

Paul H. Fricke is chief investment officer and client contact.

Amalgamated Bank of New York

11-15 Union Square West, New York,
N.Y. 10003; (212) 620-8679

	($ millions)
Total assets managed	1,900
Total tax-exempt assets	1,900
Discretionary tax-exempt	1,900
Mortgage-backed assets	380
No. of portfolio managers	3
Size of research staff	1

Amalgamated Bank of New York is an active bond and short-term manager.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 79% bonds, 1% cash and 20% mortgage-backed securities.

The parent is Amalgamated Clothing & Textile Workers Union.

Managers ranked by tax-exempt* assets

Continued from page 6

Firm	$ mils.
852. Realty Income	10
853. Trascott, Alyson, Craig	10
854. Trendstat Capital	10
855. Welsh Money Management	10
856. Pension Management	9
857. Tokai Trust Co./New York	9
858. Bronner Group	8
859. Cornerstone Capital	8
860. Holbrook, Keeton Capital	8
861. Mason Hill Asset	8
862. Reiser-Builder	8
863. David E. Ware	8
864. Albion Management Group	7
865. Ariston Capital	7
866. Audit Investments	7
867. CRI Institutional	7
868. Sentinel Asset	7
869. Shinnecock Partners	7
870. Beyreuther	6
871. Investors Research	6
872. Morgen Capital	6
873. Nutter Investment Advisors	6
874. RPI Institutional Services	6
875. Twentieth Century	6
876. Abacus Financial Group	5
877. Baxter Investments	5
878. Capital Investment Counsel	5
879. Charter Research	5
880. Computime Institutional	5
881. Cornell Capital	5
882. Dollins Symons	5
883. Draper/Computime Asset	5
884. First Austin Capital	5
885. J.C. Goodgal	5
886. Hayek Investment Counsel	5
887. Mitchell Group	5
888. Moody, Lynn	5
889. North American Capital	5
890. Platner & Associates	5
891. RAC Advisors	5
892. Investors Asset	4
893. KAS Investment	4
894. Clean Yield Asset	3
895. Holt-Smith & Renk	3
896. Lee Capital Management	3
897. Tealwood Asset	3
898. Chrysalis Investments	2
899. Ferguson Investment	2
900. Garner Asset Management	2
901. Inv. Advisors/Key Biscayne	2
902. Pyrford Int'l	2
903. Classic Asset Management	1
904. Lingo Capital Management	1
905. Nicholson Group	1
906. Continental Asset	***
907. Steere Investment Counsel	***
908. TEL Advisors/Virginia	***
909. Cambridge Group	***
910. Howard and McInnes	***
911. Rohden Capital	***
Total	**2,467,829**

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*U.S. discretionary tax-exempt assets

**Assets underlying overlay programs not managed internally are not included

***Assets less than $1 million

Richard Cohen is chief investment officer and client contact.

AMB Institutional Realty Advisors

505 Montgomery St., San Francisco,
Calif. 94111; (415) 394-9000

	($ millions)
Total assets managed	957
Total tax-exempt assets	370
Discretionary tax-exempt	242
Equity real estate assets	171
Mortgage assets	57
No. of portfolio managers	2
Size of research staff	1

AMB Institutional Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 71% equity real estate, 23% mortgages and 6% other.

Hamid R. Moghadam is chief investment officer; T. Robert Burke and Jean Collier Hurley are client contacts.

Ambs Investment Counsel

1501 McKay Tower, Grand Rapids,
Mich. 49503; (616) 454-4535

	($ millions)
Total assets managed	229
Total tax-exempt assets	146
Discretionary tax-exempt	146
Mortgage-backed assets	3
No. of portfolio managers	3

Ambs Investment Counsel Inc. is an active equity, active and passive fixed-income, balanced, short-term and convertibles manager.

Its equity approach seeks low p/e stocks.

The asset mix Jan. 1 was 41% stocks, 46% bonds, 11% cash and 2% mortgage-backed securities.

Keith L. Ambs is chief investment officer and client contact.

American Agricultural Investment Management

631 E. Butterfield Road, Suite 302,
Lombard, Ill. 60148; (708) 810-0040

	($ millions)
Total assets managed	23
Total tax-exempt assets	16
Discretionary tax-exempt	16
Equity real estate assets	16
No. of portfolio managers	2
Size of research staff	1

American Agricultural Investment Management Co. Inc. is an agricultural/farmland manager.

The asset mix Jan. 1 was 100% farmland.

H. Joseph Bourn is chief investment officer; Paula Marie Tomsky is client contact.

American Asset Management Co.

200 Public Square, 26th Floor, Suite
3500, Cleveland, Ohio 44122; (216)
781-8899

	($ millions)
Total assets managed	636
Total tax-exempt assets	277
Discretionary tax-exempt	277
No. of portfolio managers	5

American Asset Management Co. is an active equity, active bond, balanced and convertibles manager.

Its equity approach is bottom-up.

The asset mix Jan. 1 was 73% stocks, 22% bonds and 5% cash.

James DiFiore is chief investment officer; Joseph Thomas is client contact.

American Asset Management Co.

341 Madison Ave., 17th Floor, New
York, N.Y. 10017; (212) 599-3003

	($ millions)
Total assets managed	250
Total tax-exempt assets	206
Discretionary tax-exempt	206
No. of portfolio managers	4

American Asset Management Co. is an active equity, active bond, balanced and convertibles manager.

Its equity approach is top-down, emphasizing emerging growth and low p/es. Its fixed-income approach uses interest rate anticipation and sector and yield curve analysis.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

Peter L. Coker is chief investment officer; George A. Kolodka is client contact.

American Fund Advisors

50 Broad St., New York, N.Y. 10004;
(212) 482-8100

	($ millions)
Total assets managed	159
Total tax-exempt assets	17
Discretionary tax-exempt	17
No. of portfolio managers	3

American Fund Advisors Inc. is an active equity, balanced, venture capital and technology manager.

Its equity approach is bottom up, using Graham & Dodd principles and seeking emerging growth and venture capital investments. Its fixed-income approach is passive.

The asset mix Jan. 1 was 91% stocks, 1% bonds and 8% cash.

Barry J. Gordon is chief investment officer and client contact.

Amerindo Investment Advisors Inc.

388 Market St., Suite 950, San
Francisco, Calif. 94111; (415)
362-0292

	($ millions)
Total assets managed	1,342
Total tax-exempt assets	1,008
Discretionary tax-exempt	1,008
No. of portfolio managers	2
Size of research staff	4

Amerindo Investment Advisors Inc. is an active equity manager that seeks emerging growth stocks.

The asset mix Jan. 1 was 99.8% stocks and 0.2% cash.

Alberto W. Vilar is chief investment officer; Alpine Partners Inc. is client contact at (303) 793-9901.

Ameritas Investment Advisors Inc.

P.O. Box 81889, Lincoln, Neb. 68501;
(402) 467-6980

	($ millions)
Total assets managed	1,381
Total tax-exempt assets	521
Discretionary tax-exempt	521
Equity real estate assets	33
Mortgage assets	81
Mortgage-backed assets	116
401(k)/457 assets managed	58
No. of portfolio managers	5
Size of research staff	3

Ameritas Investment Advisors Inc. is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach uses large-capitalization and growth stocks. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 3.8% stocks, 43.7% bonds, 7% cash, 6.3% equity real estate, 15.6% mortgages, 22.2% mortgage-backed securities and 1.4% venture capital.

The parent is Ameritas Life Insurance Corp.

Jon C. Headrick is chief investment officer; Joseph R. Roy is client contact.

Ameritrust

900 Euclid Ave., Cleveland, Ohio
44115; (216) 737-8450

	($ millions)
Total assets managed	21,381
Total tax-exempt assets	8,877
Discretionary tax-exempt	8,877
Domestic equity, index	103
Dedicated/immunized assets	17
Mortgage-backed assets	757
International equity, active	9
International bond, active	5
401(k)/457 plan assets	3,103
No. of portfolio managers	56
Size of research staff	12

Ameritrust is an active and passive equity, active bond, balanced, real estate, international/global active equity and bond, short-term, convertible and GIC manager.

Its equity approach emphasizes growth, emerging growth and low p/e. Its fixed-income approach employs various maturity ranges and concentrates on the analysis of sectors and spread differentials.

The asset mix Jan. 1 was 55% stocks, 21% bonds, 12% cash, 1% equity real estate, 4% mortgage-backed securities, 7% convertibles.

The parent is Ameritrust Corp.

Richard C. Hyde is chief investment officer; Greg W. Hillard is client contact in Ohio and Nick Kinney is client contact in Texas at (800) 933-4747.

AMI Partners Inc.

26 Wellington St. E., Suite 900,
Toronto, Ontario M5E 1S2; (416)
865-0731

	($ millions)
Total assets managed	7,043
Total tax-exempt	6,900
Discretionary tax-exempt	6,900
For subsidiaries of U.S. firms	1,264
Equity real estate assets	43
Non-North American equity, index	1,811
Non-North American equity, active	52
No. of portfolio managers	19

AMI Partners Inc., a Canadian firm, is an active and passive equity, active bond, balanced, real estate, active international/global equity, short-term and venture capital manager.

Its primary equity approach is active, top-down and bottom-up, focusing on growth and low p/e. Its fixed-income approach uses interest rate anticipation and sector and yield curve analysis.

The asset mix Jan. 1 was 40% Canadian stocks, 7.5% U.S. stocks, 46% bonds, 1% cash, 3% equity real estate and 2.5% international.

Gary V. Kondrat is chief investment officer; Douglas P. Thomas is client contact.

Amivest Capital Management

767 Fifth Ave., New York, N.Y. 10153;
(212) 688-6667

	($ millions)
Total assets managed	381
Total tax-exempt assets	362
Discretionary tax-exempt	362
No. of portfolio managers	3
Size of research staff	3

Amivest Capital Management is an active equity, active bond and balanced manager.

Its equity approach is top-down, emphasizing low p/e and using sector rotation. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 39% stocks, 52% bonds, 9% cash.

The parent is Amivest Corp.

Philip A. Cannistraro is chief investment officer; Andrew W. Lawrence is client contact.

25 largest banks and trust cos.

Firm	$ mils.*
Bankers Trust	109,852
Wells Fargo Bank	97,363
Mellon Bank	64,943
State Street Bank	61,525
J.P. Morgan	51,975
Northern Trust	35,904
Capital Guardian Trust	26,194
NationsBank	25,425
Trust Co./West	21,707
American Nat'l/Chicago	17,256
Boatmen's Trust	16,754
Manufacturers Bank	14,444
Fleet Investment Advisors	14,442
PNC Financial	12,700
First Interstate Bancorp	11,088
Credit Suisse	11,068
Bank of New York	10,746
SunBank Capital	10,700
TSB Group	10,413
Harris Bank	10,067
Norwest	9,881
Ameritrust	8,877
UBS Asset	8,650
NBD Bank	8,600
National City	8,581
Total	**679,175**

*Discretionary tax-exempt assets; including subsidiaries

AMR Investment Services

P.O. Box 619003, Dallas-Fort Worth
Airport, Texas 75261-9003; (817)
967-3509

	($ millions)
Total:	
Internal	3,822
Assigned to other firms	5,125
Tax-exempt:	
Internal, discretionary	1,468
Assigned to other firms	5,125
No. of portfolio managers	5
Size of research staff	4

AMR Investment Services Inc., a manager of managers, offers active domestic and international/global equity, active bonds, balanced, real estate, short-term and venture capital management.

The asset mix Jan. 1 was 2% bonds, 98% cash.

The parent is AMR Corp.

William F. Quinn is chief investment officer; Bart Roberson is client contact.

AmSouth Bank

P.O. Box 11426, Birmingham, Ala.
35202; (205) 326-5512

	($ millions)
Total assets managed	4,483
Total tax-exempt assets	1,911
Discretionary tax-exempt	1,911
401(k)/457 assets managed	198
No. of portfolio managers	20

AmSouth Bank N.A. is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down and bottom-up, seeking value through low p/es and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 70% bonds.

The parent is AmSouth Bancorp.

John H. Goff Jr. is chief investment officer; Jo-Ann Foster is client contact.

Analytic Investment Management Inc.

2222 Martin St., Suite 230, Irvine,
Calif. 92715; (714) 833-0294

	($ millions)
Total assets managed	1,452
Total tax-exempt assets	1,268
Discretionary tax-exempt	1,268
Mortgage-backed assets	25
No. of portfolio managers	7
Size of research staff	3

Analytic Investment Management Inc. is an active equity, active bond and enhanced index manager.

Its equity approach is bottom-up, quantitative and hedged, and looks at growth. Its fixed-income approach is hedged.

The firm ran $681 million in overwriting strategies. All of the underlying assets are managed internally.

The asset mix Jan. 1 was 78% stocks, 15% bonds, 5% cash and 2% mortgage-backed securities.

The parent is United Asset Management.

Alan L. Lewis is chief investment officer; Deborah D. Wolfgram is client contact.

ANB Investment Management & Trust Co.

1 N. LaSalle St., Suite 600, Chicago,
Ill. 60690; (312) 661-5866

	($ millions)
Total assets managed	18,333
Total tax-exempt assets	17,256
Discretionary tax-exempt	17,256
Domestic equity, index	11,929
Domestic bond, index	1,280
International equity, index	700
Mortgage-backed assets	427
401(k)/457 plan assets	1,000
No. of portfolio managers	13
Size of research staff	4

ANB Investment Management & Trust Co. is an active and passive equity, active and passive bond, balanced, passive international/global equity, short-term, TAA and enhanced index manager.

The asset mix Jan. 1 was 84% stocks, 10% bonds, 2% cash and 4% mortgage-backed securities.

The parent is American National Bank & Trust of Chicago.

John R. Tilton is chief investment officer; Ken Sobolewski is client contact.

Anchor Capital Advisors Inc.

1 Post Office Square, Boston, Mass.
02109; (617) 423-9336

	($ millions)
Total assets managed	361
Total tax-exempt assets	277
Discretionary tax-exempt	277
Mortgage-backed assets	42
401(k)/457 assets managed	2
No. of portfolio managers	5
Size of research staff	1

Anchor Capital Advisors Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and value oriented, using Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 46% stocks, 31% bonds, 8% cash and 15% mortgage-backed securities.

Mark V. Rickabaugh is chief investment officer; Robert F. Croce is client contact.

Angeles Institutional Advisors Inc.

10301 W. Pico Blvd., Los Angeles,
Calif. 90064; (310) 284-3528

	($ millions)
Total assets managed	1,300
Total tax-exempt assets	195
Discretionary tax-exempt	195
Equity real estate assets	195
No. of portfolio managers	4
Size of research staff	2

Angeles Institutional Advisors Inc. is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

The parent is Angeles Corp.

J. William Baker is chief investment officer; Janet M. Fawcett is client contact.

Anhalt/O'Connell Inc.

345 S. Figueroa St., Suite 303, Los
Angeles, Calif. 90071; (213)
622-0066

	($ millions)
Total assets managed	869
Total tax-exempt assets	793
Discretionary tax-exempt	763
No. of portfolio managers	2

Anhalt/OConnell Inc. is an active bond manager.

All assets were in bonds Jan. 1.

Michael F. O'Connell is chief investment officer; Ross B. McAdam is client contact.

Aon Advisors Inc.

6604 W. Broad St., Richmond, Va.
23230; (804) 281-6447

	($ millions)
Total assets managed	5,458
Total tax-exempt assets	1,325
Discretionary tax-exempt	1,325
Equity real estate assets	2
Mortgage assets	257
Dedicated/immunized assets	954
No. of portfolio managers	6

Aon Advisors Inc. is an active equity, active bond, balanced, short-term and mortgage manager.

Its equity approach is quantitative. Its fixed-income approach uses interest rate anticipation and emphasizes selecting issues with improving credit characteristics not yet reflected in the current market price.

The asset mix Jan. 1 was 78% stocks, 17% bonds and 5% cash.

The parent is Aon Corp.

Michael Conway is chief investment officer; J. Garnett Nelson is client contact.

A special report on investment management software will be published July 20.

Argus Investment Management

1165 Coast Village Road, Santa
Barbara, Calif. 93108; (805)
969-4999

	($ millions)
Total assets managed	195
Total tax-exempt assets	118
Discretionary tax-exempt	118
No. of portfolio managers	4

Argus Investment Management is an active equity and balanced manager.

Its equity approach is bottom-up and value oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 69% stocks, 22% bonds and 9% cash.

Jon S. Bull and A.C. Moore are chief investment officers; Timothy R. Alward is client contact.

Argus Investors' Counsel

17 Battery Place, 18th Floor, New
York, N.Y. 10004; (212) 425-7500

	($ millions)
Total assets managed	1,223
Total tax-exempt assets	1,179
Discretionary tax-exempt	1,148
No. of portfolio managers	3
Size of research staff	11

Argus Investors' Counsel Inc., an active equity manager, takes a bottom-up approach and invests in diversified medium- to large-cap stocks.

The asset mix Jan. 1 was 97.4% stocks, 0.3% bonds and 2.3% cash.

The parent is Argus Research Group.

Herman I. Roseman is chief investment officer; Michael J. Bonner is client contact.

Ariel Capital Management

307 N. Michigan Ave., Suite 1020,
Chicago, Ill. 60601; (312) 726-0140

	($ millions)
Total assets managed	1,700
Total tax-exempt assets	1,295
Discretionary tax-exempt	1,100
401(k)/457 assets managed	15
No. of portfolio managers	2
Size of research staff	5

Ariel Capital Management Inc., an active equity manager, uses a bottom-up, value approach.

The asset mix Jan. 1 was 95% stocks, 5% cash.

John W. Rogers Jr. is chief investment officer; Darice Wright is client contact.

Ariston Capital Management

40 Lake Bellevue Drive, Suite 220,
Bellevue, Wash. 98005; (206)
454-1600

	($ millions)
Total assets managed	26
Total tax-exempt assets	7
Discretionary tax-exempt	7
No. of portfolio managers	2

Ariston Capital Management Corp. is a manager of convertible securities.

Its equity approach is top-down, bottom-up, growth and emerging growth, using sector rotation and market timing.

Its fixed-income approach uses interest rate anticipation and convertible securities.

The asset mix Jan. 1 was 100% convertible securities.

Richard B. Russell is chief investment officer and client contact.

Armstrong Shaw Associates

32 Threadneedle Lane, Stamford,
Conn., 06902; (203) 356-0284

	($ millions)
Total assets managed	173
Total tax-exempt assets	56
Discretionary tax-exempt	26
Mortgage-backed assets	2
International equity, active	5
No. of portfolio managers	3

Armstrong Shaw Associates Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, using low p/e and Graham & Dodd analysis.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 46% stocks, 45% bonds, 3% cash and 6% mortgage-backed securities.

Raymond J. Armstrong is chief investment officer and client contact.

Arnhold & S. Bleichroeder Capital

45 Broadway, New York, N.Y. 10006;
(212) 943-9200

	($ millions)
Total assets managed	400
Total tax-exempt assets	160
Discretionary tax-exempt	160
No. of portfolio managers	3
Size of research staff	1

Arnhold & S. Bleichroeder Capital, an active equity manager, takes a bottom-up approach and uses Graham & Dodd analysis.

The asset mix Jan. 1 was 98% stocks, 2% cash.

The parent is Arnhold & S. Bleichroeder Inc.

Harold J. Levy is chief investment officer; Frederic Reynolds is client contact.

Arnhold & S. Bleichroeder International

45 Broadway, New York, N.Y. 10006;
(212) 943-9200

	($ millions)
Total assets managed	476
Total tax-exempt assets	476
Discretionary tax-exempt	476
International equities, active	476
No. of portfolio managers	2

Arnhold & S. Bleichroeder International, an active international/global equity manager, follows a bottom-up approach with a growth stock emphasis.

The asset mix Jan. 1 was 100% stocks.

The parent is Arnhold & S. Bleichroeder Inc.

Howard B. Moss is chief investment officer; Frederic Reynolds is client contact.

Arnold Investment Counsel

700 N. Water St., Milwaukee, Wis.
53202; (414) 271-2726

	($ millions)
Total assets managed	200
Total tax-exempt assets	150
Discretionary tax-exempt	150
No. of portfolio managers	5
Size of research staff	8

Arnold Investment Counsel Inc. is an active equity, active bond, balanced, short-term and convertible manager.

Its equity approach is bottom-up and contrarian, using Graham & Dodd analysis.

Its fixed-income approach uses interest rate anticipation for A-rated or higher government and corporate bonds.

The asset mix Jan. 1 was 75% stocks and 25% cash.

David R. Aushwitz is chief investment officer; Dennis Shebesta is client contact.

Aronson + Fogler

230 S. Broad St., Philadelphia, Pa.
19102; (215) 546-7500

	($ millions)
Total assets managed	441
Total tax-exempt assets	434
Discretionary tax-exempt	434
No. of portfolio managers	3
Size of research staff	3

Aronson + Fogler is an active equity manager that employs a bottom-up value-oriented approach emphasizing low p/e.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Theodore R. Aronson is chief investment officer; James S. Lobb is client contact.

ASB Capital Management

655 15th St. N.W., Suite 800,
Washington, D.C. 20005; (800)
544-8850

	($ millions)
Total assets managed	9,647
Total tax-exempt assets	8,163
Discretionary tax-exempt	7,763
Equity real estate assets	527
Mortgage assets	30
Domestic equity, index	780
Dedicated/immunized assets	27
Mortgage-backed assets	1,100
401(k)/457 assets managed	2,076
No. of portfolio managers	16
Size of research staff	10

ASB Capital Management Inc. is an active and passive equity, active bond, balanced, real estate, short-term and pooled GIC manager.

Its active equity approach uses bottom-up, Graham & Dodd analysis.

The firm's fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 28.3% stocks, 47.6% bonds, 5.8% cash, 5.8% equity real estate, 1.1% mortgages and 11.4% mortgage-backed securities.

The parent is MNC Financial Inc.

Terence W. Collins is chief investment officer and client contact.

Ashfield & Co. Inc.

750 Battery St., Suite 700, San
Francisco, Calif. 94111; (415)
391-4747

	($ millions)
Total assets managed	1,340
Total tax-exempt assets	709
Discretionary tax-exempt	709
401(k)/457 assets managed	52
No. of portfolio managers	7

Ashfield & Co. Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom-up and growth-oriented.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 74% stocks and 26% bonds.

J. Stephen Thornborrow is chief investment officer; Bradley J. Fretz and Leslie Mueller are client contacts.

Ashland Management Inc.

26 Broadway, New York, N.Y. 10004;
(212) 425-2803

	($ millions)
Total assets managed	1,295
Total tax-exempt assets	1,092
Discretionary tax-exempt	1,092
401(k)/457 plan assets	701
No. of portfolio managers	3
Size of research staff	1

Ashland Management Inc., an active equity manager, takes a bottom-up approach with an emphasis on growth.

The asset mix Jan. 1 was 98% stocks, 2% cash.

Parry V.S. Jones is chief investment officer; Minot Amory is client contact.

Associated Bank N.A.

P.O. Box 408, Neenah, Wis. 54956;
(414) 722-3321

	($ millions)
Total assets managed	1,950
Total tax-exempt assets	470
Discretionary tax-exempt	230
401(k)/457 plan assets	130
No. of portfolio managers	7

Associated Bank N.A. is an active equity, active bond, balanced, international/global active equity and short-term manager.

In addition to the assets above, $50 million in total assets and $30 million in U.S., institutional, discretionary, tax-exempt assets are passed to external managers for management.

Its equity approach is bottom-up, emphasizing growth.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 60% stocks, 38% bonds and 2% cash.

The parent is Associated Bank Corp.

Neil T. Braun is chief investment officer; Michael D. Fiesch is client contact.

Assurance-vie Desjardins

1 Complexe Desjardins, Montreal,
Quebec H5B 1E2; (514) [illegible]-7700

	($ millions)
Total assets managed	2,335
Total tax-exempt	834
Discretionary tax-exempt	834
Mortgage assets	39
No. of portfolio managers	7

Assurance-vie Desjardins Inc., a Canadian firm, is an active equity, active bond, balanced manager.

Its equity approach uses sector rotation. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 41.5% Canadian stocks, 9.4% U.S. stocks, 36.5% bonds, 5.8% cash, 6.8% mortgages.

The parent is Desjardins Group.

Diane Fleurent is chief investment officer and client contact.

Atalanta/Sosnoff Capital

101 Park Ave., 6th Floor, New York,
N.Y. 10178; (212) 867-5000

	($ millions)
Total assets managed	1,723
Total tax-exempt assets	1,601
Discretionary tax-exempt	1,601
401(k)/457 assets managed	2
No. of portfolio managers	3

Atalanta/Sosnoff Capital Corp. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and growth-oriented, using sector rotation and earnings momentum.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 78% stocks, 6% bonds and 16% cash.

Martin T. Sosnoff is chief investment officer; May Mahr is client contact.

Atlanta Capital Management

2 Midtown Plaza, Suite 1600, 1360
Peachtree St., Atlanta, Ga. 30309;
(404) 876-9411

	($ millions)
Total assets managed	2,171
Total tax-exempt assets	1,346
Discretionary tax-exempt	954
Mortgage-backed assets	110
No. of portfolio managers	7
Size of research staff	1

Atlanta Capital Management Co. is an active equity, active bond and balanced manager.

The equity approach is top-down and quantitative, using sector rotation and growth stocks.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 77% stocks, 11% bonds, 1% cash and 11% mortgage-backed securities.

The parent is TSB USA.

Frederick L. Muller is chief investment officer; Candace Chapman is client contact.

Atlantic Portfolio Analytics & Management Inc.

201 E. Pine St., Suite 600, Orlando,
Fla. 32801; (407) 843-7110

	($ millions)
Total assets managed	1,023
Total tax-exempt assets	581
Discretionary tax-exempt	581
Mortgage-backed assets	581
No. of portfolio managers	5
Size of research staff	8

Atlantic Portfolio Analytics & Management Inc. is an active bond, enhanced index and mortgage-backed securities derivative arbitrage manager.

Its fixed-income approach focuses on arbitrage and liability management. Hedged and unhedged strategies are used.

All assets were in mortgage-backed securities Jan. 1.

Jon M. Knight is chief investment officer; Nicholas R. Whitcraft is client contact.

25 largest insurers

Firm	$ mils.*
Prudential Insurance	102,422
Equitable Life	72,900
Metropolitan Life	68,633
Aetna Life	44,598
Pacific Mutual	42,842
New England	35,848
CIGNA	30,371
John Hancock	28,026
Principal Financial	23,996
Travelers	20,830
New York Life	20,821
USF&G	19,369
Transamerica	18,419
Lincoln National	15,879
Massachusetts Mutual	14,450
Marsh/McLennan (Putnam)	10,413
Hartford Life	9,600
Kemper	9,553
Provident Life	8,571
Great-West Life	7,910
Nationwide Life	7,715
Continental Assurance	7,275
Liberty Mutual (Stein Roe)	7,113
Mutual of America	5,685
Allstate	5,384
Total	**638,623**

*Discretionary tax-exempt assets; including subsidiaries

Audit Investments Inc.

16 Glenwood Road, Suite 100, Upper
Saddle River, N.J. 07458; (201)
327-5353

	($ millions)
Total assets managed	8
Total tax-exempt assets	7
Discretionary tax-exempt	7
No. of portfolio managers	1

Audit Investments Inc., an active equity manager, takes a bottom-up, emerging growth approach.

The asset mix Jan. 1 was 92% stocks, 3% bonds, 5% cash.

Kenneth D. Campbell is chief investment officer and client contact.

Austin & Calvert Inc.

112 E. Pecan, Suite 2800, San
Antonio, Texas 78205; (512)
224-8241

	($ millions)
Total assets managed	669
Total tax-exempt assets	343
Discretionary tax-exempt	328
401(k)/457 assets managed	1
No. of portfolio managers	4
Size of research staff	1

Austin & Calvert Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, seeking low p/e stocks and using market timing. The focus is on relative value with a growth bias. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 43% stocks, 50% bonds and 7% cash.

Harry M. Flavin is chief investment officer; Edward H. Austin Jr. is client contact.

Avatar Associates

900 Third Ave., New York, N.Y. 10022;
(212) 753-7710

	($ millions)
Total assets managed	3,963
Total tax-exempt assets	1,871
Discretionary tax-exempt	1,852
Domestic equity, index	478
401(k)/457 assets managed	25
No. of portfolio managers	7
Size of research staff	5

Avatar Associates is a tactical asset allocation manager.

The firm manages $296 million in U.S., institutional, discretionary, tax-exempt assets in two-way (stock-cash) tactical asset allocation and three-way (stock-bonds-cash) tactical asset allocation overlay programs. Of the underlying assets, $41 million is managed internally; the balance is not included in the assets above.

Its equity approach uses growth-value rotation and market timing.

Its fixed-income approach uses yield curve analysis and a quantitative TAA model.

The asset mix Jan. 1 was 90% stocks and 10% cash.

Edward S. Babbitt Jr. is chief investment officer; Bruce L. Poliquin is client contact.

Axe-Houghton Management

400 Benedict Ave., Tarrytown, N.Y.
10566; (914) 631-8131

	($ millions)
Total assets managed	1,764
Total tax-exempt assets	764
Discretionary tax-exempt	764
401(k)/457 assets	299
No. of portfolio managers	2

Axe-Houghton Management Inc. is an active equity, active bond, balanced and passive international/global equity manager.

Its equity approach is bottom-up and growth-oriented. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 33.2% stocks, 65.5% bonds and 1.3% cash.

The assets of Axe Core Investors Inc. are included in the figures above.

The parent is USF&G.

Seth M. Lynn Jr. is chief investment officer and client contact.

J.H. Ayres & Co. Inc.

2016 Condor St., Colorado Springs,
Colo. 80969; (719) 635-1414

	($ millions)
Total assets managed	2,800
Total tax-exempt assets	2,800
Discretionary tax-exempt	2,800
No. of portfolio managers	2
Size of research staff	2

J.H. Ayres & Co. Inc. is a short-term and TAA manager.

Its equity approach uses market timing. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 100% bonds.

James H. Ayres is chief investment officer and client contact.

B

David L. Babson & Co. Inc.

1 Memorial Drive, Cambridge, Mass.
02142; (617) 225-3800

	($ millions)
Total assets managed	3,434
Total tax-exempt assets	986
Discretionary tax-exempt	933
No. of portfolio managers	15
Size of research staff	9

David L. Babson & Co. Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth.

The asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash.

Peter C. Thompson is chief investment officer; Ronald E. Gwozdz is client contact.

Back Bay Advisors Inc.

399 Boylston St., Boston, Mass.
02116; (617) 578-1500

	($ millions)
Total assets managed	6,245
Total tax-exempt assets	1,034
Discretionary tax-exempt	1,034
Mortgage-backed assets	72
No. of portfolio managers	9
Size of research staff	4

Back Bay Advisors Inc. is an active domestic and international/global bond, balanced and short-term manager.

Its investment approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 66% bonds, 27% cash, 7% mortgage-backed securities.

The parent is New England Investment Cos.

Michael Martino is chief investment officer; Elliott Gartner and Antwine Jefferson are client contacts.

Badgley, Phelps & Bell Inc.

1420 Fifth Ave., Suite 4400, Seattle,
Wash. 98101; (206) 623-6172

	($ millions)
Total assets managed	608
Total tax-exempt assets	166
Discretionary tax-exempt	74
No. of portfolio managers	8

Badgley, Phelps & Bell Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, seeking growth. Its fixed-income approach uses sector analysis and constant duration.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

Rex L. Bentley is chief investment officer and client contact.

Julius Baer Investment Management

330 Madison Ave., New York, N.Y.
10017; (212) 297-3855

	($ millions)
Total assets managed	1,186
Total tax-exempt assets	1,078
Discretionary tax-exempt	1,078
International equity, active	21
International bond, active	1,057
No. of portfolio managers	6
Size of research staff	30

Julius Baer Investment Management is a balanced and active international/global equity and bond manager.

Its equity approach uses Graham & Dodd analysis and sector rotation. Its fixed-income approach is unhedged, using interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 2% stocks and 98% bonds.

The parent is Baer Holding AG of Zurich.

Jonathan C. Minter is chief investment officer; Jay A. Dirnberger is client contact.

Bailard, Biehl & Kaiser

2755 Campus Drive, San Mateo, Calif.
94403; (415) 571-5800

	($ millions)
Total assets managed	1,160
Total tax-exempt assets	294
Discretionary tax-exempt	294
Equity real estate assets	44
International equity, active	59
International bonds, active	29
401(k)/457 assets managed	10
No. of portfolio managers	12
Size of research staff	15

Bailard, Biehl & Kaiser is an active equity, active bond, balanced, real estate, active international/global equity and bond, short-term and TAA manager.

The equity approach is top down, using growth stocks and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 47% stocks, 38% bonds and 15% equity real estate.

David R. Rahn is chief investment officer; Brian E. Schaefer is client contact.

Baillie Gifford Overseas Ltd.

1 Rutland Court, Edinburgh, EH3 8EY
Scotland; 44-31-222-4000

	($ millions)
Total assets managed	8,157
Total tax-exempt assets	100
Discretionary tax-exempt	100
International equity, active	95
International cash assets	5
No. of portfolio managers	29
Size of research staff	8

Baillie Gifford Overseas Ltd. is a balanced and active domestic and international/global equity and bond manager.

Its equity approach is top-down and bottom-up, investing in low p/e and growth stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 95% stocks, 5% cash.

The parent is Baillie Gifford & Co.

Gavin Gemmel is chief investment officer; Ross Lidstone is client contact.

Robert W. Baird & Co.-Investment Management Services

777 E. Wisconsin Ave., Milwaukee,
Wis. 53217; (414) 765-7075

	($ millions)
Total assets managed	839
Total tax-exempt assets	401
Discretionary tax-exempt	401
No. of portfolio managers	11

Robert W. Baird & Co. — Investment Management Services is an active equity, active bond, balanced, short-term and economically targeted investments manager.

Its equity approach is top-down, bottom-up, with a growth orientation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 48% stocks, 42% bonds and 10% cash.

The parent is Northwestern Mutual Life Insurance.

Robinson Bosworth III is chief investment officer; Michael J. Schroeder is client contact.

Balch, Hardy, Scheinman & Winston Inc.

501 Fifth Ave., 15th Floor, New York,
N.Y. 10017; (212) 661-6290

	($ millions)
Total assets managed	300
Total tax-exempt assets	300
Discretionary tax-exempt	300
No. of portfolio managers	4
Size of research staff	3

Balch, Hardy, Scheinman & Winston Inc., an active and passive equity manager, follows a quantitative approach.

In addition to the assets listed above, the firm manages an options overriding strategy for $1.2 billion in U.S. institutional, tax-exempt assets. The firm does not manage any of the underlying assets.

All assets were in stocks Jan. 1.

William F. Balch is chief investment officer; Steve Hardy is client contact.

The Balcor Co.

4849 Golf Road, Skokie, Ill. 60077;
(708) 676-6949

	($ millions)
Total assets managed	4,133
Total tax-exempt assets	1,226
Discretionary tax-exempt	1,226
Equity real estate assets	674
Mortgage assets	552

The Balcor Co. is a real estate manager.

The asset mix Jan. 1 was 55% equity real estate and 45% mortgages.

The parent is The American Express Co.

Thomas E. Meador is chief investment officer; John K. Powell Jr. is client contact.

Banc Ohio National Bank
155 E. Broad St., Columbus, Ohio
43251; (614) 463-7100

See entry for NATIONAL CITY CORP.

Banc One Investment Advisors Corp.
111 Monument Circle, Indianapolis,
Ind. 46277; (317) 321-8151

	($ millions)
Total assets managed	16,000
Total tax-exempt assets	7,491
Discretionary tax-exempt	6,260
Dedicated/immunized assets	100
Mortgage-backed assets	800
401(k)/457 plan assets	700
No. of portfolio managers	51
Size of research staff	14

Banc One Investment Advisors Corp. is an active and passive equity, active and passive bond, balanced, active international/global equity and bond, short-term and dedicated/immunized manager.

Its equity approach is quantitative and emphasizes low p/e. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 18% stocks, 61% bonds, 8% cash, 13% mortgage-backed securities.

The parent is Banc One Diversified Services Corp.

Leif E. Nulsen is chief investment officer; Phillip E. Chambers is client contact.

Bank of America, NT & SA
1 S. Van Ness Ave., San Francisco,
Calif. 94103; (415) 241-7567

	($ millions)
Total assets managed	1,981
Total tax-exempt assets	1,626
Discretionary tax-exempt	564
Domestic equity, index	297
Domestic bond, index	124
International equity, active	65
International bond, active	26
401(k)/457 assets managed	3,380
No. of portfolio managers	5

Bank of America, NT & SA is an active international/global equity, active international/global bond, balanced, passive domestic equity, passive domestic bond, real estate, short-term and TAA manager.

Its primary investment approach is passive.

The asset mix Jan. 1 was 60% stocks, 37% bonds and 3% cash.

The parent is BankAmerica Corp.

V. Shannon Clyne is chief investment officer; Warren Metzger is client contact.

Bank IV
P.O. Box 4, Wichita, Kan. 67201-0004;
(316) 261-4361

	($ millions)
Total assets managed	1,530
Total tax-exempt assets	395
Discretionary tax-exempt	395
No. of portfolio managers	11
Size of research staff	2

Bank IV is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is top-down, with a growth and low p/e emphasis. Its active fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 46% stocks, 47% bonds and 7% cash.

The parent is Fourth Financial Corp.

John S. Maurer is chief investment officer; Roger A. Ramseyer is client contact.

Bank of Ireland Asset Management Ltd.
2 Greenwich Plaza, Greenwich, Conn.
06830; (203) 869-0111

	($ millions)
Total assets managed	289
Total tax-exempt assets	239
Discretionary tax-exempt	239
International equity, active	221
International cash assets	18
No. of portfolio managers	4
Size of research staff	10

Bank of Ireland Asset Management Ltd. is an active international/global equity and short-term manager.

Its equity approach is bottom-up and thematic, using Graham & Dodd analysis.

The asset mix Jan. 1 was 77% stocks and 23% cash.

The parent is Bank of Ireland.

Christopher Reilly is chief investment officer; Denis Curran is client contact.

The Bank of New York
1 Wall St., New York, N.Y. 10286;
(212) 635-6920

	($ millions)
Total assets managed	22,346
Total tax-exempt assets	10,746
Discretionary tax-exempt	10,746
Domestic equity, index	310
International equity, index	7
No. of portfolio managers	23
Size of research staff	7

The Bank of New York is an active and passive equity, active and passive bond, balanced, passive international/global equity and short-term manager.

The bank has $500 million in U.S. institutional, tax-exempt assets in overwriting and hedged equity strategies. It manages all the underlying assets.

Its equity approach is top-down, bottom-up stressing growth, emerging growth and low p/es.

Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 21.7% stocks, 39.2% bonds and 39.1% cash.

The parent is The Bank of New York Co. Inc.

Charles L. Booth is chief investment officer; Douglas D. Brown is client contact.

Bank of the West Trust & Financial Services
P.O. Box 1121, San Jose, Calif.
95108; (408) 998-6857

	($ millions)
Total assets managed	192
Total tax-exempt assets	73
Discretionary tax-exempt	73
401(k)/457 plan assets	54
No. of portfolio managers	1

Bank of the West Trust & Financial Services is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down and bottom-up, seeking growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 38% stocks, 56% bonds and 6% cash.

The parent is Banque Nationale de Paris.

Joseph W. Hefner is chief investment officer; Donald L. Draper is client contact.

Bankers Trust Co.
280 Park Ave., New York, N.Y. 10017;
(212) 454-2262

	($ millions)
Total assets managed	149,008
Total tax-exempt assets	109,852
Discretionary tax-exempt	109,852
Domestic equity, index	55,951
Domestic bond, index	3,707
International equity, index	1,693
International bond, index	139
Dedicated/immunized assets	6,068
Mortgage-backed assets	346
International equity, active	430
International bond, active	213
401(k)/457 plan assets	16,553
No. of portfolio managers	35
Size of research staff	19

Bankers Trust Co. is an active equity and bond, balanced, passive equity and bond, active and passive international/global equity, active and passive international/global bond, short-term, TAA, enhanced index, currency, book value bond, and options overwriting manager.

Of the assets listed above, $1.424 billion in U.S., institutional, discretionary, tax-exempt assets is managed in options overwriting, currency hedging and liquidity premium programs. All of the underlying assets are managed internally.

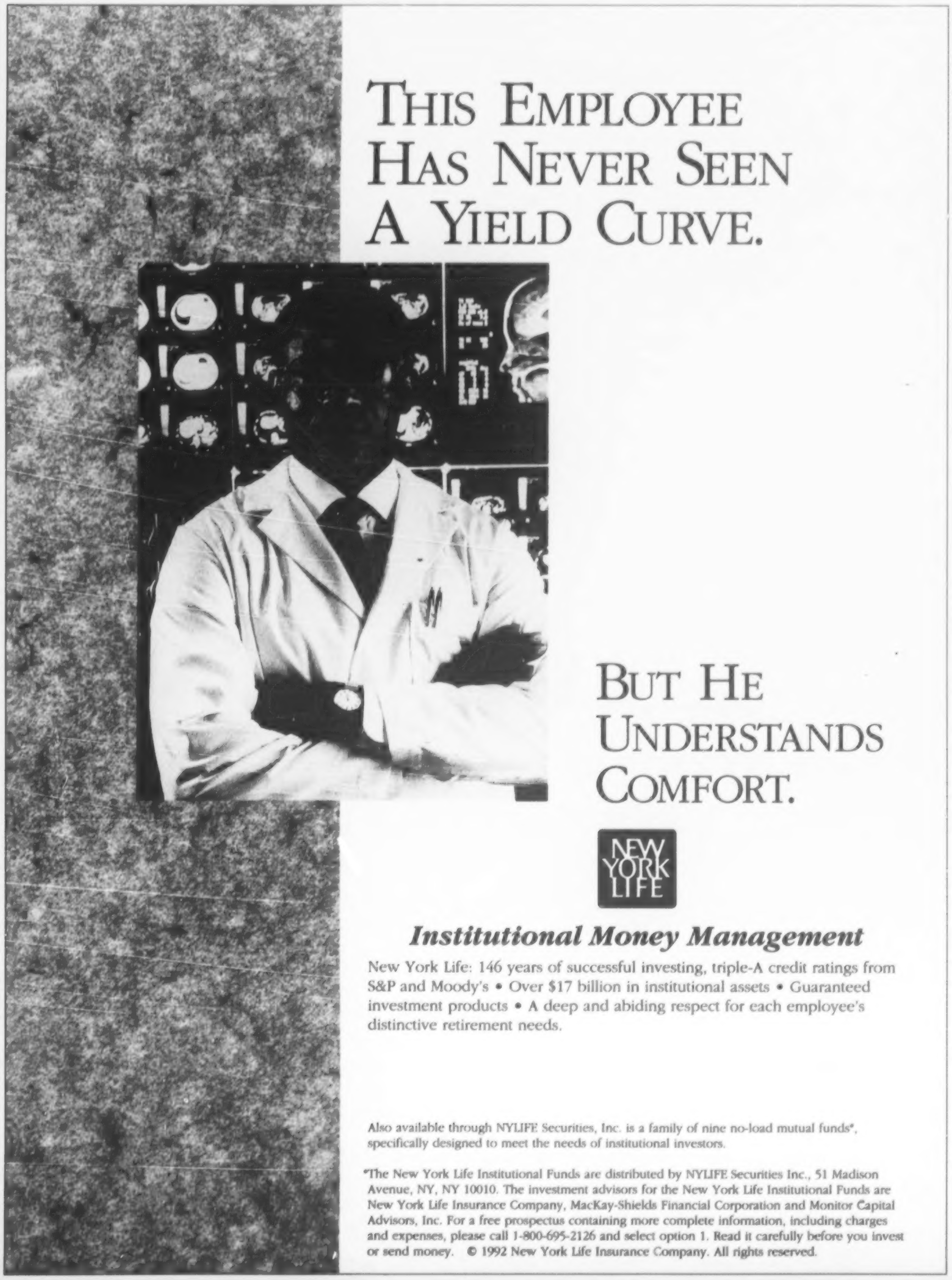
Its equity approach is top down and bottom up, with a focus on growth, emerging growth and low p/e stocks. Enhanced index and quantitative techniques also are used.

Its fixed-income approach uses sector and yield curve analyses, with hedged and unhedged strategies. Individual issue analysis also is applied.

The asset mix Jan. 1 was 55.2% stocks; 13.6% bonds; 25.4% cash; 0.3% mortgage-backed securities; and 5.5% GICs.

The parent is Bankers Trust New York Corp.

H. Kent Atkins is chief investment officer; Michael E. Fisher is client contact.


THIS EMPLOYEE HAS NEVER SEEN A YIELD CURVE.
BUT HE UNDERSTANDS COMFORT.
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Barclay Capital Management
685 Fifth Ave., 11th Floor, New York,
N.Y. 10022; (212) 421-8905

	($ millions)
Total assets managed	30
Total tax-exempt assets	30
Discretionary tax-exempt	30
Mortgage-backed assets	12
401(k)/457 assets managed	5
No. of portfolio managers	3

Barclay Capital Management Inc. is an active bond, short-term and derivatives manager.

Of the assets above, $20.4 million in U.S., institutional, discretionary, tax-exempt assets are managed in Treasury bond futures programs, buying and selling put and call options. All of the underlying assets are managed internally.

Its fixed-income approach is hedged, and uses yield curve analysis and business cycle analytics.

The asset mix Jan. 1 was 54% bonds, 5% cash, 40% mortgage-backed securities and 1% other.

The parent is Barclay Investments.

Kenneth D. Brown is chief investment officer; Joseph P. Blanchard is client contact.

Barclays McConnell Ltd.
P.O. Box 25, Suite 2600, North Tower,
Royal Bank Plaza, Toronto, Ontario
M5J 2J1; (416) 366-5871

	($ millions)
Total assets managed	2,486
Total tax-exempt	2,147
Discretionary tax-exempt	1,959
For subsidiaries of U.S. firms	328
Non-North American equity, active	30
No. of portfolio managers	5
Size of research staff	3

Barclays McConnell Ltd., a Canadian firm, is an active equity, active bond, balanced, international/global active equity and U.S. equities manager.

Its equity approach is top-down and growth-oriented, and uses sector rotation.

Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 41% Canadian stocks, 7% U.S. stocks, 47% bonds, 3% cash and 2% international equities.

The parent is Barclays Bank.

E.J. McConnell is chief investment officer; Barbara Bucys is client contact.

Barclays de Zoete Wedd Investment Management
Seal House, 1 Swan Lane, London
EC4R 3UD England; 071-623-7777

	($ millions)
Total assets managed	58,049
Total tax-exempt assets	167
Discretionary tax-exempt	167
International equity, active	113
International bond, active	50
International cash assets	4
No. of portfolio managers	101

Barclays de Zoete Wedd Investment Management Ltd. is an active and passive equity, active and passive bond, balanced, real estate, international/global active and passive equity, international/global active bond, short-term, enhanced index and convertibles manager.

The equity approach is top down and quantitative. Its fixed-income approach is hedged.

The asset mix Jan. 1 was 67% stocks, 30% bonds and 3% cash.

The parent is Barclays Bank PLC.

Lindsay Tomlinson is chief investment officer; A.J. Gould is client contact in New York.

Baring International Investment
155 Bishopsgate, London, England
EC2M 3XY; (71) 628-6000

	($ millions)
Total assets managed	5,664
Total tax-exempt assets	4,950
Discretionary tax-exempt	4,950
International equity, active	2,886
International bond, active	2,064
No. of portfolio managers	19

Baring International Investment is an international/global active equity and bond manager.

Its equity approach is top-down/bottom-up and growth oriented.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 58% stocks and 42% bonds.

The parent is Baring Asset Management.

Peter S. Hartley is chief investment officer; Michael F. Palone is client contact.

Weaver C. Barksdale & Associates
30 Burton Hills Blvd., Suite 550,
Nashville, Tenn. 37215; (615)
665-1085

	($ millions)
Total assets managed	1,202
Total tax-exempt assets	1,176
Discretionary tax-exempt	1,176
Mortgage assets	20
Mortgage-backed assets	285
401(k)/457 assets managed	60
No. of portfolio managers	3
Size of research staff	2

Weaver C. Barksdale & Associates, an active bond manager, uses sector and yield curve analysis.

The asset mix Jan. 1 was 71% bonds, 3% cash, 2% mortgages and 24% mortgage-backed securities.

Weaver C. Barksdale is chief investment officer; John E. McDowell is client contact.

Barnett Banks Trust Co. N.A.
P.O. Box 40200, Jacksonville, Fla.
32203-0200; (904) 464-2343

	($ millions)
Total assets managed	6,191
Total tax-exempt assets	1,715
Discretionary tax-exempt	1,715
Mortgage-backed assets	170
401(k)/457 plan assets	307
No. of portfolio managers	7
Size of research staff	4

Barnett Banks Trust Co. N.A. is an active equity, active bond, balanced, short-term, enhanced index and GIC-oriented manager.

Its equity approach is bottom up, and seeks growth at a reasonable price.

Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 58% stocks, 27% bonds, 5% cash and 10% mortgage-backed securities.

The parent is Barnett Banks Inc.

John Allen is chief investment officer; Robert L. Bartkowiak is client contact.

Barrow, Hanley, Mewhinney & Strauss Inc.
200 Crescent Court, 19th Floor,
Dallas, Texas 75201; (214)
871-5300

	($ millions)
Total assets managed	11,168
Total tax-exempt assets	11,168
Discretionary tax-exempt	11,168
Dedicated/immunized assets	443
Mortgage-backed assets	255
No. of portfolio managers	6

Barrow, Hanley, Mewhinney & Strauss Inc. is an active equity, active bond, balanced and dedicated/immunized portfolio manager.

The equity approach is bottom up and value (low p/e) oriented. Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 81% stocks, 15% bonds, 2% cash and 2% mortgage-backed securities.

The parent is United Asset Management Corp.

Peter F. Bridge is client contact.

Bartlett & Co.
36 E. Fourth St., Cincinnati, Ohio
45202; (513) 621-4612

	($ millions)
Total assets managed	1,900
Total tax-exempt assets	573
Discretionary tax-exempt	551
Mortgage-backed assets	36
International equity, active	3
International bond, active	2
No. of portfolio managers	17
Size of research staff	6

Bartlett & Co. is an active equity, active bond, balanced, real estate, international/global active equity and short-term manager.

The equity approach is bottom up, seeking low p/e stocks and using Graham & Dodd analysis. Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 52% stocks, 38% bonds, 3% cash and 7% mortgage-backed securities.

Donald S. Schmidt is chief investment officer; Kathy Lang Albright is client contact.

Batterymarch: Agrivest
500 Winding Brook Drive,
Glastonbury, Conn. 06033; (203)
659-3711

	($ millions)
Total assets managed	110
Total tax-exempt assets	100
Discretionary tax-exempt	100
Equity real estate assets	100
No. of portfolio managers	3

Batterymarch: Agrivest is an agricultural real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

The firm is affiliated with Batterymarch Financial Management.

James B. McCandless is chief investment officer and client contact.

Batterymarch Financial Management
600 Atlantic Ave., Boston, Mass.
02210; (617) 973-9300

	($ millions)
Total assets managed	5,911
Total tax-exempt assets	3,441
Discretionary tax-exempt	3,441
International equity, active	2,074
International cash assets	66
No. of portfolio managers	13
Size of research staff	5

Batterymarch Financial Management is an active domestic and international/global equity manager.

Its equity approach is bottom-up and quantitative; low p/e stocks are sought.

The asset mix Jan. 1 was 95% stocks, 5% bonds.

Dean LeBaron is chief investment officer; James Parnell is client contact.

Batterymarch: Canada Inc.
49 Wellington St. E., Toronto, Ontario
M5C 1C9; (416) 865-9333

	($ millions)
Total assets managed	867
Total tax-exempt	867
Discretionary tax-exempt	600
For subsidiaries of U.S. firms	64
Non-North American equity, active	92
No. of portfolio managers	2
Size of research staff	2

Batterymarch: Canada Inc., a Canadian firm, is an active and passive equity, active bond, balanced and active international/global equity manager.

Its equity approach is bottom-up and quantitative, using Graham & Dodd analysis. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 88.9% Canadian stocks, 0.1% U.S. stocks, 0.4% bonds 10.6% international equities.

The parent is Batterymarch Financial Management.

Tania Zouikin is chief investment officer; John D'Angelo is client contact.

Baxter Investments
1030 E. Putnam Ave., Greenwich,
Conn. 06830; (203) 637-4559

	($ millions)
Total assets managed	50
Total tax-exempt assets	25
Discretionary tax-exempt	5
401(k)/457 assets managed	2
No. of portfolio managers	1
Size of research staff	3

Baxter Investments is an active and passive equity, active and passive bond, balanced, active international/global equity and short-term manager.

Its equity approach uses Graham & Dodd analysis and looks at growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

The parent is Baxter Brothers Inc.

William J. Baxter Jr. is chief investment officer; William J. Baxter III is client contact.

Bay Banks Investment Management
175 Federal St., Boston, Mass. 02110;
(617) 482-1040

	($ millions)
Total assets managed	1,800
Total tax-exempt assets	890
Discretionary tax-exempt	890
401(k)/457 assets managed	175
No. of portfolio managers	9

Bay Banks Investment Management is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is top-down, with a growth bias.

The asset mix Jan. 1 was 27% stocks, 59% bonds and 14% cash.

The parent is Bay Banks Inc.

L. Sumner Hopkins II is chief investment officer and client contact.

BEA Associates
1 Citicorp Center, 153 E. 53rd St.,
New York, N.Y. 10022; (212)
832-2626

	($ millions)
Total assets managed	12,759
Total tax-exempt assets	10,408
Discretionary tax-exempt	10,408
Domestic equity, index	1,746
Domestic bond, index	1,311
International equity, index	11
Dedicated/immunized assets	1,138
International equity, active	392
401(k)/457 assets managed	16
No. of portfolio managers	15
Size of research staff	6

BEA Associates is an active equity, active bond, balanced, international/global active equity, short-term, enhanced index and convertibles manager.

Its equity approach is bottom up and quantitative. Its fixed-income approach uses controlled duration.

The asset mix Jan. 1 was 30% stocks, 45% bonds, 1% cash, 4% international equity and 20% derivatives.

The firm manages $2.943 billion in U.S. institutional, discretionary, tax-exempt assets in currency overlay and portfolio hedge programs. Of the underlying assets, $179 million is managed internally.

The parent is Credit Suisse.

William W. Priest Jr. is chief investment officer; Timothy T. Tausig is client contact.

Beal Investment Co.
366 Madison Ave., New York, N.Y.
10017; (212) 983-4722

	($ millions)
Total assets managed	180
Total tax-exempt assets	180
Discretionary tax-exempt	180
No. of portfolio managers	2

Beal Investment Co., an active and passive equity manager, takes a bottom-up, quantitative approach. Style portfolios are offered.

The asset mix Jan. 1 was 99% stocks, 1% cash.

James E. Francis is chief investment officer and client contact.

Bear Stearns Asset Management
245 Park Ave., New York, N.Y. 10167;
(212) 272-2794

	($ millions)
Total assets managed	4,906
Total tax-exempt assets	4,557
Discretionary tax-exempt	4,557
Domestic equity, index	371
Mortgage-backed assets	1,412
401(k)/457 assets managed	176
No. of portfolio managers	7
Size of research staff	4

Bear Stearns Asset Management is an active equity, active and passive bond, balanced, real estate and short-term manager.

The equity approach is bottom up, applying Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analysis.

The asset mix Jan. 1 was 26% stocks, 36% bonds, 3% cash, 4% equity real estate and 31% mortgage-backed securities.

The parent is Bear, Stearns & Co. Inc.

Milton B. Rubin is chief investment officer; John F. Boneparth is client contact.

Becker Capital Management
2185 Pacwest Center, Portland, Ore.
97204; (503) 223-1720

	($ millions)
Total assets managed	483
Total tax-exempt assets	342
Discretionary tax-exempt	342
No. of portfolio managers	4
Size of research staff	2

Becker Capital Management, formerly P.E. Becker Inc., is an active equity, active bond and balanced manager.

The equity approach focuses on low p/e stocks. Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 45% stocks, 52% bonds and 3% cash.

Patrick E. Becker is chief investment officer; Michael C. Malane is client contact.

Becker Van Etten Inc.
135 S. LaSalle, Suite 2011, Chicago,
Ill. 60603; (312) 368-1865

	($ millions)
Total assets managed	157
Total tax-exempt assets	132
Discretionary tax-exempt	132
International equity, active	3
No. of portfolio managers	2
Size of research staff	2

Becker Van Etten Inc. is an active equity and balanced manager.

The equity approach is bottom up and value oriented. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 44% stocks, 48% bonds and 8% cash.

Robert H. Becker and Richard J. Van Etten are chief investment officers; Mr. Van Etten is client contact.

Beekman Capital Management Ltd.
535 Madison Ave., New York, N.Y.
10022; (212) 759-0306

	($ millions)
Total assets managed	291
Total tax-exempt assets	283
Discretionary tax-exempt	283
No. of portfolio managers	1
Size of research staff	3

Beekman Capital Management Ltd., an active equity manager, follows a bottom-up approach, with emphasis on growth and emerging growth stocks.

The asset mix Jan. 1 was 91% stocks and 9% cash.

Nedim Hamarat is chief investment officer and client contact.

Bell Capital Management
1100 Circle 75 Parkway, Suite 100,
Atlanta Ga. 30076; (404) 952-7039

	($ millions)
Total assets managed	180
Total tax-exempt assets	135
Discretionary tax-exempt	135
No. of portfolio managers	4
Size of research staff	2

Bell Capital Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, and emphasizes total return and asset allocation. Its fixed-income approach uses interest rate anticipation and sector analysis, and emphasizes total return.

Ron H. Bell is chief investment officer; Tom Comsudes is client contact.

Benchmark Asset Management Inc.
2200 Space Park Drive, Suite 208,
Houston, Texas 77058; (713)
333-1400

	($ millions)
Total assets managed	179
Total tax-exempt assets	130
Discretionary tax-exempt	130
Mortgage-backed assets	16
No. of portfolio managers	2

Benchmark Asset Management Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom up, with a growth orientation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 85% stocks, 2% bonds, 1% cash and 12% mortgage-backed securities.

Robert Harrell is chief investment officer; Jack Creden is client contact.

Benefit Capital Management
39 Old Ridgebury Road, Danbury,
Conn. 06817-0001; (203) 794-7333

	($ millions)
Total assets managed	2,787
Total tax-exempt assets	2,635
Discretionary tax-exempt	2,635
Equity real estate assets	53
Mortgage assets	109
Domestic equity, index	960
Domestic bond, index	1,390
No. of portfolio managers	6
Size of research staff	3

Benefit Capital Management Corp. is an active and passive equity, active and passive bond, balanced, real estate, short-term, venture capital, convertible and fundamental manager.

Its equity approach is top-down, stressing growth. Its active fixed-income approach uses controlled duration.

The asset mix Jan. 1 was 36% stocks, 53% bonds, 1% cash, 2% equity real estate, 4% mortgages and 4% private placements.

The parent is Union Carbide Corp.

Michael Hoben is chief investment officer; Susan DeCarlo is client contact.

Berents Capital Management
101 Summer St., Boston, Mass.
02110; (617) 451-2715

	($ millions)
Total assets managed	90
Total tax-exempt assets	21
Discretionary tax-exempt	21
401(k)/457 assets managed	2
No. of portfolio managers	3

Berents Capital Management Inc. is an active equity and balanced manager.

Its equity approach emphasizes growth and emerging growth. Its fixed-income approach is active, using interest rate anticipation.

The asset mix Jan. 1 was 70% stocks, 30% bonds.

Charles N. Berents Jr. and Herbert P. Hess are chief investment officers; Scott W. Herstin is client contact.

Berger Associates Inc.
210 University Blvd., Suite 900,
Denver, Colo. 80206; (303)
329-0200

	($ millions)
Total assets managed	275
Total tax-exempt assets	18
Discretionary tax-exempt	18
No. of portfolio managers	3
Size of research staff	3

Berger Associates Inc. is an active domestic and international/global equity manager.

The equity approach is bottom up and growth oriented.

The asset mix Jan. 1 was 90% stocks and 10% cash.

William M.B. Berger and Rodney L. Linafelter are chief investment officers; Mr. Linafelter is client contact.

Sanford C. Bernstein & Co.
767 Fifth Ave., New York, N.Y. 10153;
(212) 756-4380

	($ millions)
Total assets managed	16,645
Total tax-exempt assets	12,426
Discretionary tax-exempt	12,426
No. of portfolio managers	40
Size of research staff	67

Sanford C. Bernstein & Co. Inc. is an active equity, active bond, balanced and short-term manager.

The equity approach is bottom up, and uses Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation and sector and yield curve analysis.

The asset mix Jan. 1 was 54.4% stocks, 41.4% bonds and 4.2% cash.

Peter A. Carman is chief investment officer; Richard S. Abramson is client contact.

Bessemer Trust Co. N.A.
630 Fifth Ave. New York, N.Y. 10111;
(212) 708-9100

	($ millions)
Total assets managed	8,391
Total tax-exempt assets	957
Discretionary tax-exempt	957
International	75
401(k)/457 plan assets	463
No. of portfolio managers	12
Size of research staff	12

Bessemer Trust Co. N.A. is an active domestic and international/global equity, active domestic and international/global bond, balanced, real estate, short-term, venture capital and oil/gas manager.

Its equity approach is top-down and bottom-up, stressing growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 51% stocks, 35% bonds, 13% cash and 1% private placements and real estate.

The parent is Bessemer Group Inc.

John Whitmore is chief investment officer; Robert Elliott is client contact.

Beutel, Goodman Capital Management

2030 Texas Commerce Tower,
Houston, Texas 77002; (713) 221-1790

	($ millions)
Total assets managed	332
Total tax-exempt assets	321
Discretionary tax-exempt	321
No. of portfolio managers	4
Size of research staff	7

Beutel, Goodman Capital Management is an active equity and balanced manager.

The equity approach is bottom up, seeking low p/e stocks and using Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 100% stocks.

The parent is Beutel, Goodman & Co. Ltd.

Robert F. McFarland is chief investment officer; J. Philip Ferguson is client contact.

The Beyreuther Co. Inc.

1000 Connecticut Ave. N.W., Suite 502, Washington, D.C. 20036; (202) 223-0661

	($ millions)
Total assets managed	8
Total tax-exempt assets	6
Discretionary tax-exempt	6
No. of portfolio managers	1

The Beyreuther Co. Inc. is an active equity and balanced manager.

Its equity approach is bottom up, with a growth focus. Its fixed-income approach uses short to intermediate maturities only.

The asset mix Jan. 1 was 39% stocks, 36% bonds and 25% cash.

Paul A.R. Beyreuther is chief investment officer and client contact.

Bidwell & Riddle Investment Advisory

8400 E. Prentice Ave., Suite 1401,
Englewood, Colo. 80111; (303) 793-3900

	($ millions)
Total assets managed	210
Total tax-exempt assets	183
Discretionary tax-exempt	183
Dedicated/immunized assets	30
401(k)/457 assets managed	25
No. of portfolio managers	4
Size of research staff	2

Bidwell & Riddle Investment Advisory is an active equity, active and passive bond, balanced and equity hedge manager.

The equity approach is bottom up and quantitative, looking at growth and low p/e stocks.

Its fixed-income approach uses sector and yield curve analysis.

John R. Riddle is chief investment officer; Jami Lipfield is client contact.

Birtcher Realty Advisors

700 N. Brand Blvd., Suite 300,
Glendale, Calif. 91203; (818) 545-1152

	($ millions)
Total assets managed	368
Total tax-exempt assets	368
Discretionary tax-exempt	368
Equity real estate assets	239
Mortgage assets	129
No. of portfolio managers	5
Size of research staff	1

Birtcher Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 65% equity real estate, 35% mortgages.

Stanley L. Iezman is client contact.

George D. Bjurman & Associates

10100 Santa Monica Blvd., Los Angeles, Calif. 90067; (310) 553-6577

	($ millions)
Total assets managed	853
Total tax-exempt assets	676
Discretionary tax-exempt	676
401(k)/457 assets managed	100
No. of portfolio managers	4

George D. Bjurman & Associates is an active equity, active bond and balanced manager.

The equity approach is top down and bottom up, focusing on both growth and value. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 64% stocks, 28% bonds and 8% cash.

O. Thomas Barry III is chief investment officer and client contact.

International and global managers: June 22.

Blackstone Financial Management L.P.

345 Park Ave., 31st Floor, New York, N.Y. 10154; (212) 935-2626

	($ millions)
Total assets managed	9,101
Total tax-exempt assets	557
Discretionary tax-exempt	557
Mortgage-backed securities	334
No. of porifolio managers	7
Size of research staff	13

Blackstone Financial Management L.P. is an active domestic and international/global bond, short-term and enhanced index manager.

Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 40% bonds and 60% mortgage-backed securities.

Laurence D. Fink is chief investment officer; Barbara Novick is client contact.

William Blair & Co.

135 S. LaSalle St., Chicago, Ill. 60603; (312) 236-1600

	($ millions)
Total assets managed	3,769
Total tax-exempt assets	1,885
Discretionary tax-exempt	1,440
No. of portfolio managers	15

William Blair & Co. is an active equity, active bond, balanced, short-term and venture capital manager.

Its equity approach is growth-oriented. Its fixed-income approach uses sector analysis, quality and limited duration.

The asset mix Jan. 1 was 81.6% stocks, 10.6% bonds and 7.8% cash.

Conrad Fischer is chief investment officer; Rocky Barber is client contact.

BMI Capital Corp.

67 Wall St., New York, N.Y. 10005; (212) 422-1619

	($ millions)
Total assets managed	200
Total tax-exempt assets	80
Discretionary tax-exempt	80
No. of portfolio managers	4
Size of research staff	7

BMI Capital Corp. is an active equity, active bond and balanced manager.

The equity approach is bottom up, emphasizing growth, emerging growth and value. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 95% stocks and 5% cash.

The parent is BMI Holding Corp.

Sandra A. Jerro is client contact.

Boatmen's Trust Co.

100 N. Broadway, St. Louis, Mo. 63102; (314) 466-3800

	($ millions)
Total assets managed	30,996
Total tax-exempt assets	16,754
Discretionary tax-exempt	16,754
Mortgage assets	150
Domestic equity, index	655
Domestic bond, index	125
Dedicated/immunized assets	245
Mortgage-backed assets	1,400
International equity, active	120
401(k)/457 assets managed	700
No. of portfolio managers	25
Size of research staff	9

Boatmen's Trust Co. is an active and passive equity, active and passive bond, balanced, active international/global equity and short-term manager.

The equity approach is bottom up with a value orientation. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 39% stocks, 41% bonds, 9% cash, 1% mortgages and 10% mortgage-backed securities.

The parent is Boatmen's Bancshares Inc.

Thomas Darnall and J.J. Landers Capnal are chief investment officers; Richard Hibbs is client contact.

Bolton Tremblay Inc.

1100 University St., Suite 800,
Montreal, Quebec H3B 4K5; (514) 875-7150

	($ millions)
Total assets managed	1,990
Total tax-exempt	1,127
Discretionary tax-exempt	1,127
For subsidiaries of U.S. firms	12
Mortgage-backed assets	56
No. of portfolio managers	11
Size of research staff	3

Bolton Tremblay Inc., a Canadian firm, is an active equity, active bond, balanced, active international/global equity, short-term, TAA, convertible and small-cap active equity manager.

Its equity approach is top-down, bottom-up and value-oriented, using Graham & Dodd analysis, low p/e stocks and sector rotation and looking at growth.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 40% Canadian stocks, 8% U.S. stocks, 44% bonds, 3% cash and 5% mortgage-backed securities.

The parent is Prenor Financial Ltd.

Jean-Luc Landry is chief investment officer; Jean Meloche is client contact.

The Boston Co.

1 Boston Place, Boston, Mass. 02108; (617) 722-7000

	($ millions)
Total assets managed	29,092
Total tax-exempt assets	22,528
Discretionary tax-exempt	21,656
Equity real estate assets	1,039
Mortgage-backed assets	1,970
No. of portfolio managers	27
Size of research staff	22

The Boston Co. is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach is bottom-up, seeking low p/e stocks. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 29% stocks, 13% bonds, 44% cash, 5% equity real estate and 9% mortgage-backed securities.

The parent is American Express Co.

Desmond J. Heathwood is chief investment officer; Paul Healey is client contact.

Boston Advisory Group Inc.

1212 Hancock St., Quincy, Mass. 02169; (800) 466-0456

	($ millions)
Total assets managed	105
Total tax-exempt assets	50
Discretionary tax-exempt	45
Mortgage-backed assets	2
401(k)/457 assets managed	18
No. of portfolio managers	3
Size of research staff	1

Boston Advisory Group Inc. is an active equity, active and passive bond and balanced manager.

The equity approach is bottom up, seeking growth and using sector rotation. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 65% stocks, 30% bonds and 5% mortgage-backed securities.

Arthur F. Good is chief investment officer; Justin C. Mallahan is client contact.

Boston International Advisors Inc.

75 State St., Boston, Mass. 02109; (617) 345-9550

	($ millions)
Total assets managed	2,140
Total tax-exempt assets	1,810
Discretionary tax-exempt	1,810
International equity, index	1,213
International equity, active	597
No. of portfolio managers	6
Size of research staff	3

Boston International Advisors Inc., an international/global equity manager, takes a top-down, bottom-up approach, and seeks low p/e stocks. Passive, active and enhanced index strategies are offered.

The firm runs $1 billion in strategic currency hedging. All of the underlying assets are managed internally.

The asset mix Jan. 1 was 100% stocks.

Lyle H. Davis is chief investment officer; Jennifer Dunning and Harry Sterling Jr. are client contacts.

Bounty Management Corp.

99 Bedford St. Boston, Mass. 02111; (617) 357-8285

	($ millions)
Total assets managed	105
Total tax-exempt assets	71
Discretionary tax-exempt	71
No. of portfolio managers	2
Size of research staff	1

Bounty Management Corp. is an active equity and balanced manager.

Its equity approach is top-down and bottom-up, stressing growth. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 64% stocks, 31% bonds and 5% cash.

Raymond N. Bligh is chief investment officer; Pamela A. Varriale is client contact.

Bowman Financial Management Co.

1013 N. Calvert St., Baltimore, Md. 21202; (410) 685-0234

	($ millions)
Total assets managed	150
Total tax-exempt assets	110
Discretionary tax-exempt	110
No. of portfolio managers	3
Size of research staff	4

Bowman Financial Management Co. is an active equity, active bond, balanced, passive domestic and international/global bond, short-term and convertible manager.

Its equity approach is top-down, stressing growth. Its fixed-income approach uses interest rate anticipation, a maturity ladder and high-quality securities.

Donald E. Bowman is chief investment officer and client contact.

Boylston Capital Advisors

501 Boylston St., Boston, Mass. 02117; (617) 578-1403

	($ millions)
Total:	
Internal	5,986
Assets assigned to other firms	5,867
Tax-exempt:	
Internal discretionary	2,681
Assigned to other firms	1,026
Mortgage assets	2,029
No. of portfolio managers	6
Size of research staff	1

Boylston Capital Advisors, a manager of managers, is a passive bond, mortgage, short-term, private placements and option writing/convexity trading manager.

The asset mix Jan. 1 was 23% bonds, 76% mortgages and 1% private placements.

The parent is New England Investment Cos.

Frederick K. Zimmermann is chief investment officer; Antwine Jefferson is client contact.

25 largest managers of international index assets

($ millions*)

Firm	Total	Equity	Bond
State Street Bank	12,391	12,156	235
Wells Fargo Nikko	6,768	6,659	109
Bankers Trust	1,832	1,693	139
Boston International	1,213	1,213	0
PanAgora	1,055	1,055	0
Alliance	926	926	0
Dimensional Fund	781	781	0
ANB Investment	700	700	0
UBS Asset	512	512	0
Rowe Price-Fleming	475	0	475
Mellon Capital	439	439	0
Travelers	422	422	0
Aetna	381	381	0
Prudential Diversified	254	254	0
Vanguard Group	244	244	0
Security Capital	141	0	141
Nikko Capital	97	97	0
Van Eck Associates	85	85	0
Mitchell Hutchins	72	0	72
Rhumbline Advisers	48	48	0
Chancellor	33	33	0
Wright Investors'	30	30	0
BEA Associates	11	11	0
First Interstate	11	11	0
Gulfstream Global	11	11	0
Total	**28,932**	**27,761**	**1,171**

*Discretionary tax-exempt assets

Boys, Arnold & Co.

1272 Hendersonville Road, P.O. Drawer 5255, Asheville, N.C. 28813; (704) 274-1542

	($ millions)
Total assets managed	314
Total tax-exempt assets	166
Discretionary tax-exempt	166
401(k)/457 assets managed	8
No. of portfolio managers	3
Size of research staff	1

Boys, Arnold & Co. is an active equity, active bond and balanced manager.

The equity approach is bottom up and growth-oriented; sector rotation is used. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 45% stocks, 48% bonds and 7% cash.

G. Waring Boys Jr. is chief investment officer; John B. Kuhns is client contact.

Bradford Investment Management

330 Commerce St., Nashville, Tenn. 37201-1809; (615) 748-9422

	($ millions)
Total assets managed	205
Total tax-exempt assets	130
Discretionary tax-exempt	127
Mortgage-backed assets	15
401(k)/457 assets managed	3
No. of portfolio managers	8

Bradford Investment Management is an active equity, balanced and passive bond manager.

The equity approach is bottom up, with a growth emphasis.

The asset mix Jan. 1 was 59% stocks, 21% bonds, 8% cash and 12% mortgage-backed securities.

The parent is J.C. Bradford & Co.

Bruce W. Cooke is chief investment officer; Paul H. Kuhn and Tom C. Pollock are the client contacts.

Bradford & Marzec Inc.

333 S. Hope St., Suite 4050, Los Angeles, Calif. 90071; (213) 687-9170

	($ millions)
Total assets managed	1,607
Total tax-exempt assets	1,495
Discretionary tax-exempt	1,495
Mortgage-backed assets	228
No. of portfolio managers	3
Size of research staff	3

Bradford & Marzec Inc., a high-yield bond manager, uses sector and yield curve analysis.

The asset mix Jan. 1 was 79% bonds, 1% cash, 17% mortgage-backed securities and 3% other.

Edward T. Bradford and Zelda A. Marzek are chief investment officers; Eve Atchison is client contact.

Brandes Investment Management Inc.

12750 High Bluff Drive, Suite 420, San Diego, Calif. 92130; (619) 755-0239

	($ millions)
Total assets managed	213
Total tax-exempt assets	94
Discretionary tax-exempt	94
International equity, active	44
No. of portfolio managers	5

Brandes Investment Management Inc. is an active domestic and international/global equity, active bond and balanced manager.

The equity approach is bottom-up, and uses Graham & Dodd analysis.

The asset mix Jan. 1 was 91% stocks and 9% cash.

Charles Brandes is chief investment officer; Barry O'Neil is client contact.

Breau Capital Management

Watermill Center, 800 South St.,
Waltham, Mass. 02165; (617) 893-0600

	($ millions)
Total assets managed	200
Total tax-exempt assets	200
Discretionary tax-exempt	200
No. of portfolio managers	2
Size of research staff	1

Breau Capital Management Inc., an active equity manager, takes a bottom-up approach. Graham & Dodd analysis is used, and low p/e stocks are sought.

The asset mix Jan. 1 was 78.4% stocks and 21.6% cash.

Edward P. Breau is chief investment officer and client contact.

Daniel Breen & Co. L.P.

700 Louisiana, Suite 2650, Houston, Texas 77002; (713) 223-2110

	($ millions)
Total assets managed	1,777
Total tax-exempt assets	1,519
Discretionary tax-exempt	1,519
No. of portfolio managers	6
Size of research staff	3

Daniel Breen & Co. L.P. is an active equity, active bond, balanced and enhanced index manager.

The equity approach is bottom up, emphasizing growth, Graham & Dodd principles and relative value. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 45% stocks, 52% bonds and 3% cash.

Daniel A. Breen is chief investment officer; Richard N. Hoag is client contact.

Brinson Partners Inc.

3 First National Bank Plaza, 70 W. Madison St., Chicago, Ill. 60602; (312) 220-7100

	($ millions)
Total assets managed	21,216
Total tax-exempt assets	18,664
Discretionary tax-exempt	18,664
International equity, active	2,326
International bond, active	2,383

International cash assets	441

Brinson Partners Inc. is an active equity, active bond, balanced, active international/global equity and bond, short-term and venture capital manager.

The equity approach is top down and bottom up, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 33% stocks, 48% bonds, 16% cash and 3% venture capital.

Gary P. Brinson is chief investment officer; Edward C. Hamill is client contact.

The Bronner Group

P.O. Box 1310, 60 Commerce St.,
Montgomery, Ala. 36102; (205)
264-1400

	($ millions)
Total assets managed	37
Total tax-exempt assets	8
Discretionary tax-exempt	8
401(k)/457 plan assets	0.5
No. of portfolio managers	1
Size of research staff	2

The Bronner Group is an active equity, active bond, balanced and short-term manager.

Its equity approach is quantitative, stressing growth and using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analysis.

The asset mix Jan. 1 was 20% stocks and 80% bonds.

Mary Lynn Bronner is chief investment officer; Sue A. Luckey is client contact.

Brooks Capital Management

25 Prospect Ave. W., Suite 700,
Cleveland, Ohio 44115; (216)
861-6950

	($ millions)
Total assets managed	25
Total tax-exempt assets	25
Discretionary tax-exempt	25
Domestic bond, index	25
No. of portfolio managers	1
Size of research staff	3

Brooks Capital Management Inc., an active and enhanced bond index manager, uses yield curve analysis.

The asset mix Jan. 1 was 100% bonds.

Eric L. Small is chief investment officer and client contact.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005;
(212) 483-1818

	($ millions)
Total assets managed	17,500
Total tax-exempt assets	8,311
Discretionary tax-exempt	7,164
Mortgage-backed assets	616
International equity, active	423
International bond, active	10
401(k)/457 assets managed	681
No. of portfolio managers	84
Size of research staff	9

Brown Brothers Harriman & Co. is an active domestic and international/global equity and bond, balanced and short-term manager.

Its equity approach is bottom-up, using growth stocks and sector rotation. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

Elbridge T. Gerry Jr. is chief investment officer; Paul A. Legvold is client contact.

Alex. Brown Kleinwort Benson

2 N. Charles St., Baltimore, Md.
21201; (410) 783-3200

	($millions)
Total assets managed	3,343
Total tax-exempt assets	3,316
Discretionary tax-exempt	989
Equity real estate assets	882
No. of portfolio managers	7

Alex. Brown Kleinwort Benson is an active equity and real estate manager.

Its equity approach is bottom-up and low p/e-oriented.

The asset mix Jan. 1 was 4% stocks and 96% equity real estate.

Walter F. Terry III is chief investment officer; Winston Hickox is client contact.

Brundage, Story and Rose

1 Broadway, New York, N.Y. 10004;
(212) 269-3050

	($ millions)
Total assets managed	3,362
Total tax-exempt assets	1,574
Discretionary tax-exempt	1,353
Dedicated/immunized assets	50
Mortgage-backed assets	30
401(k)/457 assets managed	36
No. of portfolio managers	18
Size of research staff	7

Brundage, Story and Rose is an active equity, active bond, balanced, enhanced index and immunized/dedicated manager.

Its equity approach is top-down and bottom-up, looking at growth and using Graham & Dodd analysis. Its fixed-income approach emphasizes individual issue selection.

The asset mix Jan. 1 was 64% stocks, 31% bonds, 3% cash and 2% mortgage-backed securities.

Malcolm D. Clarke Jr. is chief investment officer; Deborah C. Foord is client contact.

Burgess Capital Corp.

499 Seaport Court, Suite 201,
Redwood City, Calif. 94063; (415)
369-4545

	($ millions)
Total assets managed	304
Total tax-exempt assets	304
Discretionary tax-exempt	304
International equity, active	136
International cash assets	77
No. of portfolio managers	3
Size of research staff	1

Burgess Capital Corp., an active international/global equity manager, uses a top-down approach.

The asset mix Jan. 1 was 67% stocks and 33% cash.

Robert F. Burgess is chief investment officer and client contact.

Burnham & Co.

202 Federal Square Bldg., Grand
Rapids, Mich. 49503; (616)
459-1043

	($ millions)
Total assets managed	500
Total tax-exempt assets	300
Discretionary tax-exempt	300
401(k)/457 assets managed	5
No. of portfolio managers	2
Size of research staff	1

Burnham & Co. is an active equity, active bond, balanced and active international/global bond manager.

The equity approach is top down with a growth emphasis. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

Robert W. Burnham is chief investment officer and client contact.

C

Cabot Partners L.P.

60 State St., Boston, Mass. 02109;
(617) 723-0900

	($ millions)
Total assets managed	750
Total tax-exempt assets	668
Discretionary tax-exempt	668
Equity real estate assets	668

Cabot Partners L.P. is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

Ferdinand Colloredo-Mansfeld is chief investment officer; John F. Malloy and Peter F. Tague are client contacts.

Cadence Capital Management Corp.

10 Liberty Square, Boston, Mass.
02109; (617) 451-0250

	($ millions)
Total assets managed	658
Total tax-exempt assets	546
Discretionary tax-exempt	499
No. of portfolio managers	5

Cadence Capital Management Corp., an active equity manager, follows a bottom-up approach, emphasizing growth at a price.

The asset mix Jan. 1 was 96% stocks and 4% cash.

The parent is Pacific Financial Asset Management Corp.

David B. Breed is chief investment officer; Cathy Sullivan is client contact.

Cadinha & Co. Inc.

900 Fort St. Mall, Suite 1240,
Honolulu, Hawaii 96815; (808)
523-9488

	($ millions)
Total assets managed	364
Total tax-exempt assets	278
Discretionary tax-exempt	278
International equity, active	10
401(k)/457 assets managed	15
No. of portfolio managers	5

Cadinha & Co. Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down and growth-oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Harlan J. Cadinha is chief investment officer and client contact.

Calamos Asset Management

2001 Spring Road, Suite 750, Oak
Brook, Ill. 60521; (708) 571-7115

	($ millions)
Total assets managed	429
Total tax-exempt assets	380
Discretionary tax-exempt	380
International bond, active	20
No. of portfolio managers	2
Size of research staff	4

Calamos Asset Management Inc. is a domestic and international/global convertibles manager.

The asset mix Jan. 1 was 100% convertible securities.

John P. Calamos is chief investment officer and client contact.

Caldwell & Orkin Inc.

5 Piedmont Center, Suite 417, Atlanta,
Ga. 30305; (404) 239-0707

	($ millions)
Total assets managed	403
Total tax-exempt assets	186
Discretionary tax-exempt	186
401(k)/457 assets managed	37
No. of portfolio managers	2

Caldwell & Orkin Inc. is an active equity and balanced manager.

Its equity approach is multifactor and bottom-up, using market timing and looking at growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 80% stocks, 16% bonds and 4% cash.

H. Eugene Caldwell is chief investment officer; Stephen R. Bowman is client contact.

The Cambridge Group Money Managers Inc.

94 Grand Ave., Englewood, N.J.
07631-3506; (201) 568-5909

	($ millions)
Total assets managed	0.2
Total tax-exempt assets	0.2
Discretionary tax-exempt	0.2
No. of portfolio managers	2

The Cambridge Group Money Managers Inc., an active equity manager, takes a bottom-up, flow-of-money approach and looks at growth.

The asset mix Jan. 1 was 100% stocks.

James Hudgins is chief investment officer and client contact.

Campbell & Co.

210 W. Pennsylvania Ave., Suite 770,
Baltimore, Md. 21204; (410)
296-3301

	($ millions)
Total assets managed	200
Total tax-exempt assets	12
Discretionary tax-exempt	12
401(k)/457 assets managed	2
No. of portfolio managers	1
Size of research staff	6

Campbell & Co. is a managed futures manager that uses technical trend-following systems.

All assets were in managed futures Jan. 1.

D. Keith Campbell is chief investment officer; Jeff Recksell is client contact.

Campbell, Cowperthwait & Co. Inc.

215 E. 49th St., New York, N.Y.
10017; (212) 421-3561

	($ millions)
Total assets managed	422
Total tax-exempt assets	160
Discretionary tax-exempt	160
No. of portfolio managers	3
Size of research staff	3

Campbell, Cowperthwait & Co. Inc. is an active equity, balanced and passive bond manager.

The equity approach is bottom up and growth oriented. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 90% stocks, 8% bonds and 2% cash.

William G. Campbell is chief investment officer; James B. Cowperthwait is client contact.

Canagex Associates Inc.

625 Rene Levesque Blvd. W., Suite
600, Montreal, Quebec H3B 1R2;
(514) 954-3300

	($ millions)
Total assets managed	4,200
Total tax-exempt	1,200
Discretionary tax-exempt	1,200
For subsidiaries of U.S. firms	150
No. of portfolio managers	11
Size of research staff	6

Canagex Associates Inc., a Canadian firm, is an active and passive equity, active bond, balanced, active international/global equity and short-term manager.

Its equity approach emphasizes growth stocks and sector rotation.

Its active fixed-income approach uses interest rate anticipation, and sector and yield curve analyses.

The asset mix Jan. 1 was 40% Canadian stocks, 10% U.S. stocks, 45% bonds and 5% cash.

The parent is The Laurentian Group of Cos.

Marc St-Pierre is chief investment officer; Duncan Baillie is client contact.

The Oct. 26 issue will explore investing in emerging markets.

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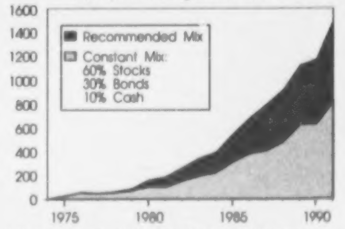

* "Recommended Mix" and "Constant Mix" assume that "Stocks" are invested in the stocks of the S&P 500, "Bonds" in a 20-year AA industrial bond, and "Cash" in Treasury Bills. Portfolio is rebalanced monthly. Dividends are reinvested free of tax. Trading costs are omitted.

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Capital Advisors Inc.

320 S. Boston, Suite 2200, Tulsa,
Okla. 74103; (918) 599-0045

	($ millions)
Total assets managed	425
Total tax-exempt assets	250
Discretionary tax-exempt	250
401(k)/457 assets managed	75
No. of portfolio managers	2
Size of research staff	3

Capital Advisors Inc. is an active equity, active bond and balanced manager.

The equity approach emphasizes growth stocks and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Richard Minshall is chief investment officer; Keith Goddard is client contact.

Capital Consultants Inc.

2300 S.W. First Ave., Portland, Ore.
97201; (503) 241-1200

	($ 725 millions)
Total assets managed	725
Total tax-exempt assets	571
Discretionary tax-exempt	571
Equity real estate assets	25
Mortgage assets	137
Mortgage-backed assets	26
401(k)/457 assets managed	28
No. of portfolio managers	6
Size of research staff	2

Capital Consultants Inc. is an active equity, active fixed-income, balanced, real estate, TAA, enhanced index, venture capital and short-term manager.

Its equity approach uses quantitative, proprietary market valuation and stock ranking models. Its fixed-income approach is unhedged and based on interest rate anticipation.

The asset mix Jan. 1 was 25% stocks, 28% bonds, 8% cash, 4% equity real estate, 24% mortgages, 5% mortgage-backed securities and 6% private placements.

Gregory J. Houser is chief investment officer; Richard A. Becher is client contact.

Capital Growth Management

1 International Place, Boston, Mass.
02110; (617) 737-3225

	($ millions)
Total assets managed	3,311
Total tax-exempt assets	1,212
Discretionary tax-exempt	1,212
No. of portfolio managers	4
Size of research staff	1

Capital Growth Management is an active equity and balanced manager.

The equity approach has a growth focus and uses sector rotation. Its fixed-income approach uses sector analysis and security selection.

The asset mix Jan. 1 was 99.8% stocks and 0.2% cash.

The parent is The New England Investment Cos.

G. Kenneth Heebner is chief investment officer; Dugal Thomas is client contact.

Capital Guardian Trust Co.

333 S. Hope St., 50th Floor, Los
Angeles, Calif. 90071; (213)
486-9200

	($millions)
Total assets managed	27,100
Total tax-exempt assets	26,620
Discretionary tax-exempt	26,194
Global/international equity, active	5,772
Global/international bond, active	163
Global/international cash	348
401(k)/457 plan assets	263
No.of portfolio managers	11
Size of research staff	90

Capital Guardian Trust Co. is an active equity, active bond, balanced, active international/global equity and bond, and convertibles manager.

Its equity approach is bottom-up and value oriented, seeking low p/e stocks. Its fixed-income approach is hedged, using interest rate anticipation, sector and yield curve analysis, and scenario simulations.

The asset mix Jan. 1 was 80% stocks, 14% bonds and 6% cash.

The parent is The Capital Group Inc.

Richard C. Barker is chief investment officer; John H. Seiter is client contact.

Capital Investment Advisors

1301 Basswood Road, Suite 385,
Schaumburg, Ill. 60173; (708)
884-1555

	($ millions)
Total assets managed	55
Total tax-exempt assets	47
Discretionary tax-exempt	47
No. of portfolio managers	2

Capital Investment Advisors Inc. is an active equity and balanced manager.

The equity approach is bottom up and yield based. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 94% stocks and 6% cash.

Allen R. Kuseski is chief investment officer; Jeffrey C. Skibinski is client contact.

Capital Investment Counsel

201 S. Lake Ave., Suite 402,
Pasadena, Calif. 91101; (818)
793-3238

	($ millions)
Total assets managed	43
Total tax-exempt assets	5
Discretionary tax-exempt	5
401(k)/457 assets managed	2
No. of portfolio managers	2
Size of research staff	3

Capital Investment Counsel Inc. is an active equity, active bond and balanced manager.

The equity approach is top down, using sector rotation and emphasizing low p/e. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis strategies.

The asset mix Jan. 1 was 35% stocks, 50% bonds and 15% cash.

Richard W. Graft is chief investment officer; Chris Johnson is client contact.

Capital Investment Services of America Inc.

700 N. Water St., Suite 325,
Milwaukee, Wis. 53202; (414)
278-7744

	($ millions)
Total assets managed	878

Total tax-exempt assets	660
Discretionary tax-exempt	660
No. of portfolio managers	7

Capital Investment Services of America Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down and bottom-up, emphasizing emerging growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 42% stocks, 50% bonds and 8% cash.

Clifford T. Nilson is chief investment officer; William C. Ihlenfeld is client contact.

Capital Research & Management Co.

333 S. Hope St., 52nd Floor, Los
Angeles, Calif. 90071; (213)
486-9200

	($ millions)
Total assets managed	57,380
Total tax-exempt assets	4,993
Discretionary tax-exempt	4,425
401(k)/457 assets managed	938
No. of portfolio managers	22
Size of research staff	76

Capital Research & Management Co. is an active equity, active bond, balanced, active international/global equity and bond, and short-term manager.

The equity approach is bottom up and low p/e oriented.

The parent is the Capital Group Inc.

Victor S. Sidhu is client contact.

Capital Technology Inc.

McMullen Creek Office Center, P.O.
Box 2428, Charlotte, N.C.
28247-6428; (704) 541-1437

	($millions)
Total assets managed	263
Total tax-exempt assets	245
Discretionary tax-exempt	245
No. of portfolio managers	2
Size of research staff	2

Capital Technology Inc., an active equity and balanced manager, seeks emerging growth and small-cap stocks.

The asset mix Jan. 1 was 60% stocks, 40% cash.

Robb Rowe is chief investment officer; Robert Mathai is client contact.

Capital Trust Co.

4380 S.W. Macadam, Suite 450,
Portland, Ore. 97201; (503)
228-2300

	($ millions)
Total assets managed	863
Total tax-exempt assets	850
Discretionary tax-exempt	850
Equity real estate assets	1
Domestic equity, index	24
Domestic bond, index	20
International equity, index	5
International equity, active	9
401(k)/457 plan assets	300
No. of portfolio managers	3

Capital Trust Co. is an active and passive equity, active bond, balanced, real estate, active and passive international/global equity, and short-term manager.

Its equity approach is bottom-up and yield based; growth and emerging growth stocks are sought. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 11% stocks, 7% bonds and 82% GICs.

Stephen Brink is chief investment officer; he and Charles J. Swindells and Dave Archibald are client contacts.

Capitoline Investment Services Inc.

919 E. Main St., Richmond, Va.
23219; (804) 782-7222

See entry for CRESTAR BANK.

Capstone Asset Management Co.

1100 Milam, Suite 3500, Houston,
Texas 77002; (713) 750-8000

	($ millions)
Total assets managed	1,247
Total tax-exempt assets	1,169
Discretionary tax-exempt	1,169
Mortgage-backed assets	42
401(k)/457 assets managed	150
No. of portfolio managers	4
Size of research staff	2

Capstone Asset Management Co. is an active equity, active bond, balanced and short-term manager.

Its equity approach is quantitative, fundamental and bottom-up, and looks at growth.

Its fixed-income approach uses yield curve analysis and intermediate issues.

The asset mix Jan. 1 was 66% stocks, 28% bonds, 2% cash and 4% mortgage-backed securities.

The parent is Capstone Financial Services Inc.

Dan E. Watson is chief investment officer; William L. Price is client contact.

Cartwright & Goodwin Inc.

291 Broadway, 17th Floor, New York,
N.Y. 10007; (212) 267-7795

	($ millions)
Total assets managed	67
Total tax-exempt assets	67
Discretionary tax-exempt	67
Domestic equity,index	67
No. of portfolio managers	3
Size of research staff	3

Cartwright & Goodwin Inc., a passive equity manager, uses growth stocks and applies market timing.

The asset mix Jan. 1 was 100% stocks.

Stephen R. Goodwin is chief investment officer and client contact.

Cashen Investment Advisors

5001 Spring Valley Road, LB 32 East,
Dallas, Texas 75244; (214)
715-1860

	($ millions)
Total assets managed	315
Total tax-exempt assets	11
Discretionary tax-exempt	11
Mortgage-backed assets	6
No. of portfolio managers	2
Size of research staff	1

Cashen Investment Advisors Inc. is an active equity, active bond, balanced and short-term manager.

The equity approach is bottom up, using Graham & Dodd analysis. In fixed income, it is a modified duration core manager, using sector analysis.

The asset mix Jan. 1 was 4% stocks, 31% bonds, 9% cash and 56% mortgage-backed securities.

Shack Cashen is chief investment officer and client contact.

Cashman Farrell and Associates

1235 Westlakes Drive, Berwyn, Pa.
19312; (215) 889-1500

	($ millions)
Total assets managed	2,216
Total tax-exempt assets	2,200
Discretionary tax-exempt	2,182
No. of portfolio managers	7
Size of research staff	5

Cashman Farrell and Associates is an active domestic and international/global equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and contrarian, focusing on low p/es. Its fixed-income approach uses sector and yield curve analyses and intermediate issues.

The asset mix Jan. 1 was 59.7% stocks, 37.6% bonds and 2.7% cash.

Daniel V. Cashman and James H. Farrell Jr. are chief investment officers; Dianne Campbell is client contact.

Cattanach & Associates Ltd.

455 Sherman St., Suite 460, Denver,
Colo. 80203; (303) 722-1595

	($ millions)
Total assets managed	45
Total tax-exempt assets	20
Discretionary tax-exempt	20

Cattanach & Associates Ltd. is a venture capital and alternative investments manager.

The asset mix Jan. 1 was 100% alternative investments.

Katherine A. Cattanach is chief investment officer; Gail Sweeney is client contact.

CB Commercial Realty Advisors

533 Fremont Ave., Los Angeles, Calif.
90071; (213) 613-3582

	($ millions)
Total assets managed	860
Total tax-exempt assets	860
Discretionary tax-exempt	610
Equity real estate assets	586
Mortgage assets	24
No. of portfolio managers	17
Size of research staff	6

CB Commercial Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 95.7% equity real estate and 4.3% mortgages.

The parent is CB Commercial Real Estate Group Inc.

W. Cabell Grayson and Scott E. Tracy are chief investment officers and client contacts.

Central Guaranty Trust Co.

335 Bay St., Toronto, Ontario M5H
3N8; (416) 345-4917

	($ millions)
Total assets managed	2,200
Total tax-exempt	1,000
Discretionary tax-exempt	1,000
For subsidiaries of U.S. firms	200
No. of portfolio managers	4

Central Guaranty Trust Co., a Canadian firm, is an active and passive equity, active bond, balanced, short-term, TAA, and enhanced index manager.

Its fixed-income approach employs interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 35% Canadian stocks, 12% U.S. stocks, 50% bonds and 3% cash.

The parent is Central Capital.

Art Higenbottom is chief investment officer; Robert K. Weller is client contact.

Real estate managers: Aug. 31.

Central Carolina Bank & Trust Co.

P.O. Box 931, Durham, N.C. 27702;
(919) 683-7777

	($ millions)
Total assets managed	1,300
Total tax-exempt assets	400
Discretionary tax-exempt	400
No. of portfolio managers	4

Central Carolina Bank & Trust Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up; Graham & Dodd analysis is used. Its fixed-income approach uses yield curve analysis.

The bank ran $85 million in covered call writing strategies. All of the underlying assets are managed internally.

The asset mix Jan. 1 was 70% stocks, 25% bonds and 5% cash.

The parent is CCB Financial.

Lawrence J. Verny is chief investment officer; Carl Turnage is client contact.

Centurion Trust Co.

225 W. Washington, Suite 2150,
Chicago, Ill. 60606; (312) 443-8427

	($ millions)
Total:	
Assigned to other firms	95
Tax-exempt:	
Assigned to other firms	10
No. of portfolio managers	50
Size of research staff	7

Centurion Trust Co., a manager of managers, offers active equity, managed futures, market neutral, hedge funds and special situations management.

The asset mix Jan. 1 was 70% stocks and 30% managed futures.

The parent is Centurion Holdings Inc.

Frank C. Meyer is chief investment officer; Ronald J. Surz and Douglas Steger are client contacts.

Certus Financial Corp.

1 Bush St., Suite 450, San Francisco,
Calif. 94104; (415) 954-1950

	($ millions)
Total assets managed	4,100
Total tax-exempt assets	4,100
Discretionary tax-exempt	4,100
401(k)/457 assets managed	4,100
No. of portfolio managers	4
Size of research staff	4

Certus Financial Corp. is a manager of stable value assets.

Its asset mix Jan. 1 was 65% GICs/BICs, 22% collateralized mortgage obligations, 3% in asset-backed securities and 10% in cash.

David M. Perry is chief investment officer and client contact.

Chancellor Capital Management

153 E. 53rd St., New York, N.Y.
10022; (212) 891-6500

	($ millions)
Total assets managed	25,074
Total tax-exempt assets	18,605
Discretionary tax-exempt	18,605
Domestic equity, index	1,032
Domestic bond, index	169
International equity, index	33
Dedicated/immunized assets	80
Mortgage-backed assets	800
401(k)/457 assets managed	6,002
No. of portfolio managers	35
Size of research staff	20

Chancellor Capital Management is an active and passive equity, active and passive bond, balanced, passive international/global equity, short-term, TAA, enhanced index, venture capital and real estate stocks manager.

Its equity approach is top-down and bottom-up, with a growth emphasis. Its active fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 45% stocks, 21% bonds, 29% cash and 5% mortgage-backed securities.

The parent is USF&G Corp.

Robert G. Wade is chief investment officer; Nina Lesavoy is client contact.

Chandler Liquid Asset Management

4350 Executive Drive, Suite 103, San
Diego, Calif. 92121; (619) 546-3737

	($ millions)
Total assets managed	285
Total tax-exempt assets	113
Discretionary tax-exempt	113
No. of portfolio managers	1
Size of research staff	1

Chandler Liquid Asset Management, an active bond and short-term manager, uses sector and yield curve analysis.

The asset mix Jan. 1 was 90% bonds, 10% cash.

Kay Chandler is chief investment officer and client contact.

Charles River Management Co. Inc.

21 Merchants Row, Boston, Mass.
02109; (617) 248-3950

	($ millions)
Total assets managed	200
Total tax-exempt assets	200
Discretionary tax-exempt	200
No. of portfolio managers	2
Size of research staff	1

Charles River Management Co. Inc. is an active bond and short-term manager.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 100% bonds.

Vincent C. Matteucci is chief investment officer; Richard Lombardi II is client contact.

Charter Research & Investment Group Inc.

24 Thorpe St., Fairfield, Conn. 06430;
(203) 259-4004

	($ millions)
Total assets managed	10
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	1
Size of research staff	2

Charter Research & Investment Group Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

Paula Luciani is chief investment officer; she and Gloria Marwell are client contacts.

Chase Investment Counsel

300 Preston Ave., Suite 403,
Charlottesville, Va. 22902; (804)
293-9104

	($ millions)
Total assets managed	394
Total tax-exempt assets	278
Discretionary tax-exempt	278
No. of portfolio managers	2
Size of research staff	2

Chase Investment Counsel Corp. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and growth-oriented. Its fixed-income approach uses interest rate anticipation and short- to intermediate-term securities.

The asset mix Jan. 1 was 78% stocks, 15% bonds and 7% cash.

Derwood S. Chase Jr. is chief investment officer; Robert J. King is client contact.

Chase Manhattan Bank of Connecticut

999 Broad St., Bridgeport, Conn.
06604; (203) 382-6507

	($ millions)
Total assets managed	1,100
Total tax-exempt assets	700
Discretionary tax-exempt	700
No. of portfolio managers	6

Chase Manhattan Bank of Connecticut is an active equity, active bond, balanced, short-term and TAA manager.

The equity approach is top down and growth-oriented. Graham & Dodd analysis and sector rotation are used.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

The parent is Chase Manhattan Corp.

Roger L. Perry is chief investment officer; Ken Harrington-Howes is client contact.

Cheswick Investment Co.

1 Pickwick Plaza, P.O. Box 2591,
Greenwich, Conn. 06836; (203)
869-3600

	($millions)
Total assets managed	550
Total tax-exempt assets	65
Discretionary tax-exempt	65
No. of portfolio managers	1

Cheswick Investment Co. Inc. is an active equity and balanced manager.

Its equity approach is top-down and bottom-up, looking at both growth and low p/e and using market timing.

Its fixed-income approach uses U.S. Treasury obligations with altering maturity schedules.

The asset mix Jan. 1 was 78% stocks, 20% bonds and 2% cash.

Richard R. Cheswick is chief investment officer and client contact.

Chicago Asset Management

11 S. LaSalle St., Suite 2800,
Chicago, Ill. 60603; (312) 372-7469

	($ millions)
Total assets managed	924
Total tax-exempt assets	924
Discretionary tax-exempt	924
Mortgage-backed assets	75
No. of portfolio managers	4

Chicago Asset Management Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and low p/e.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 55% stocks, 33% bonds, 4% cash and 8% mortgage-backed securities.

The parent is United Asset Management.

Jon F. Holsteen is chief investment officer; Kevin J. McGrath is client contact.

The Chicago Corp.

208 S. LaSalle St., Chicago, Ill. 60604;
(312) 855-5985

	($ millions)
Total assets managed	2,451
Total tax-exempt assets	2,087
Discretionary tax-exempt	2,087
401(k)/457 assets managed	15
No. of portfolio managers	7
Size of research staff	2

The Chicago Corp. is an active equity, active bond and balanced manager.

Its equity approach is growth-oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 78% stocks, 18% bonds and 4% cash.

Jon T. Ender is chief investment officer; Charles R. Klimkowski is client contact.

Chicago Title & Trust

111 W. Washington St., Chicago, Ill.
60602; (312) 630-2934

	($ millions)
Total assets managed	4,379
Total tax-exempt assets	1,865
Discretionary tax-exempt	1,028
No. of portfolio managers	6
Size of research staff	7

Chicago Title & Trust is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, and uses Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 40% stocks, 34% bonds, 13% cash and 13% GICs.

The parent is Alleghany Corp.

A. Vincent Agnew is chief investment officer and client contact.

Chrysalis Investments

1280 Massachusetts Ave., Cambridge,
Mass. 02138-3827; (617) 547-5930

	($ millions)
Total assets managed	6
Total tax-exempt assets	2
Discretionary tax-exempt	2
No. of portfolio managers	2

Chrysalis Investments is an active equity manager that uses a proprietary, probabilistic computer model. Its approach is bottom up, incorporating Graham & Dodd principles and market timing, and looking at growth.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Dean L. Jacoby is chief investment officer and client contact.

CIC Asset Management Inc.

800 W. Sixth St., Suite 450, Los
Angeles, Calif. 90017; (213)
629-0451

	($ millions)
Total assets managed	96
Total tax-exempt assets	96
Discretionary tax-exempt	96
No. of portfolio managers	3

CIC Asset Management Inc., an active equity manager, takes a bottom-up, value approach, using low p/e stocks and Graham & Dodd analysis.

The asset mix Jan. 1 was 100% stocks.

Jorge Castro is client contact.

CIGNA Investments Inc.

Hartford, Conn. 06512; (203)
726-6000

	($ millions)
Total assets managed	57,311
Total tax-exempt assets	30,371
Discretionary tax-exempt	30,371
GICs	1,359
Annuities	1,631
Equity real estate assets	1,378
Mortgage assets	8,803
Domestic equity, index	571
Domestic bond, index	39
Dedicated/immunized assets	3,120
International equity, active	312
International bond, active	32
International cash assets	11
401(k)/457 assets managed	8,100
No. of portfolio managers	19
Size of research staff	15

CIGNA Investments Inc. is an active and passive equity, active and passive bond, balanced, real estate, active international/global equity and bond, short-term, TAA, high-yield and private placement manager.

Its equity approach focuses on growth. Its fixed-income approach uses interest rate anticipation.

The separate account asset mix Jan. 1 was 27% stocks, 51% bonds, 7% cash, 5% equity real estate and 10% mortgages.

The parent is CIGNA Corp.

Arthur Carl Reeds III is chief investment officer; Daniel McDonough is client contact.

Cisneros Asset Management

1000 Louisiana, 60th Floor, Houston,
Texas 77002; (713) 751-2640

	($ millions)
Total assets managed	286
Total tax-exempt assets	286
Discretionary tax-exempt	286
Mortgage-backed assets	29
No. of portfolio managers	2

Cisneros Asset Management Co., an active bond manager, uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 76% bonds, 14% cash and 10% mortgage-backed securities.

Narciso Cano is chief investment officer and client contact.

Citibank Real Estate Investment Managament

641 Lexington Ave., Fourth Floor, New York, N.Y. 10043; (212) 559-7475

	($ millions)
Total assets managed	2,086
Total tax-exempt assets	947
Discretionary tax-exempt	687
Equity real estate assets	658
Mortgage assets	29
No. of portfolio managers	8
Size of research staff	3

Citibank Real Estate Investment Management is a real estate manager.

The asset mix Jan. 1 was 95.5% equity real estate and 4.5% mortgages.

The parent is Citibank N.A.

Charles P. Eschmann is chief investment officer; Anthony Niosi is client contact.

Citicorp Global Asset Management

641 Lexington Ave. Fourth Floor, New York, N.Y. 10043; (212) 559-9004

	($ millions)
Total assets managed	67,995
Total tax-exempt assets	384
Discretionary tax-exempt	384
International equity, active	341
International bond, active	39
International cash assets	4
No. of portfolio managers	49
Size of research staff	3

Citicorp Global Asset Management is an active international/global equity and bond, short-term and currency overlay manager.

Its equity approach is top-down, using growth stocks and sector rotation. Its fixed-income approach uses interest rate anticipation, sector analysis, yield curve analysis and hedged strategies.

The firm runs currency overlay and hedging strategies on $380 million, all managed internally.

The asset mix Jan. 1 was 89% stocks, 10% bonds and 1% cash.

The parent is Citicorp.

W. Neville Bowen is chief investment officer; Carolyn A. Peoples is client contact.

Classic Asset Management

3030 McKinney Ave., Suite 1506, Dallas, Texas 75204; (214) 871-0611

	($ millions)
Total assets managed	6
Totaltax-exempt assets	1
Discretionary tax-exempt	1
International equity, active	1
No. of portfolio managers	1
Size of research staff	2

Classic Asset Management Inc. is an active equity, balanced, active international/global equity and bond, TAA and convertibles manager.

Its equity approach is top-down. Graham & Dodd analysis and market timing are used; growth and emerging growth stocks are sought.

All assets were in stocks as of Jan. 1.

Eduardo P. Lluria is chief investment officer and is client contact.

Clay Finlay Inc.

200 Park Ave., 56th Floor, New York, N.Y. 10166; (212) 557-7022

	($ millions)
Total assets managed	3,003
Total tax-exempt assets	1,866
Discretionary tax-exempt	1,866
International equity, active	1,801
International bond, active	5
International cash assets	60
No. of portfolio managers	9
Size of research staff	3

Clay Finlay Inc. is an active equity, balanced and active international/global equity manager.

Its equity approach is top-down and bottom-up, seeking quality growth at a reasonable price.

The asset mix Jan. 1 was 96.5% stocks, 0.3% bonds and 3.2% cash.

Francis Finlay is chief investment officer; Mr. Finlay and Ruth Chaffin are client contacts.

Clean Yield Asset Management Inc.

224 State St., Portsmouth, N.H. 03801; (603) 436-0820

	($ millions)
Total asse's managed	13
Total tax-exempt assets	3
Discretionary tax-exempt	3
No. of portfolio managers	3
Size of research staff	3

Clean Yield Asset Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, with emphasis on growth and low p/es. Its fixed-income approach is active.

The asset mix Jan. 1 was 74% stocks, 10% bonds and 16% cash.

The parent is The Clean Yield Group.

Benjamin C. Lovell is chief investment officer and client contact.

Clemente Capital Inc.

767 Third Ave., 33rd Floor, New York, N.Y. 10017; (212) 759-3339

	($ millions)
Total assets managed	353
Total tax-exempt assets	116
Discretionary tax-exempt	116
International equity, active	108
International cash assets	8
No. of portfolio managers	6
Size of research staff	3

Clemente Capital Inc. is an active domestic and international/global equity manager.

Its equity approach is top-down, bottom-up and thematic, stressing growth and emerging growth stocks and employing sector rotation.

Its fixed-income approach uses interest rate anticipation, sector and yield curve analyses and currency anticipation.

The asset mix Jan. 1 was 93% stocks and 7% cash.

Leopoldo M. Clemente is chief investment officer; Patricia A. Prapas is client contact.

BRADFORD & MARZEC, INC.

FIXED INCOME ASSET MANAGEMENT

EVE ATCHISON
(213) 687-9170

333 SOUTH HOPE STREET
SUITE 4050
LOS ANGELES, CALIFORNIA 90071

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The Clifton Group
309 Clifton Ave., Minneapolis, Minn.
55443; (612) 870-8800

	($ millions)
Total assets managed	105
Total tax-exempt assets	85
Discretionary tax-exempt	85
Domestic equity, index	39
Domestic bond, index	16
No. of portfolio managers	2
Size of research staff	1

The Clifton Group is a balanced, passive equity and bond, enhanced index and short-term manager.

Of the discretionary, tax-exempt assets, $246 million is in tactical asset implementation, covered call option overwriting and static asset allocation overlay programs. Some $37 million are managed internally.

The asset mix Jan. 1 was 46% stocks, 19% bonds and 35% cash.

Jack L. Hansen and Richard E. Bellsrud are chief investment officers and client contacts.

Clover Capital Management
11 Tobey Village Office Park, Pittsford,
N.Y. 14534; (716) 385-6090

	($ millions)
Total assets managed	612
Total tax-exempt assets	416
Discretionary tax-exempt	416
Mortgage-backed assets	34
International equity, active	15
401(k)/457 assets managed	36
No. of portfolio managers	7
Size of research staff	7

Clover Capital Management Inc. is an active equity, active bond, short-term and balanced manager.

Its equity approach is bottom-up and value-oriented, using low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses special situation corporate bond analysis.

The asset mix Jan. 1 was 44% stocks, 27% bonds, 23% cash and 6% mortgage-backed securities.

Michael E. Jones and Geoffrey Rosenberger are chief investment officers; William E. Wilson is client contact.

CMB Investment Counselors
1880 Century Park East, Suite 600,
Los Angeles, Calif. 90067; (310)
557-1500

	($ millions)
Total assets managed	3,613
Total tax-exempt assets	95
Discretionary tax-exempt	95
No. of portfolio managers	5
Size of research staff	5

CMB Investment Counselors is an active equity, active bond and balanced manager.

The equity approach is bottom up and quantitative, emphasizing using Graham & Dodd analysis and sector rotation.

The asset mix Jan. 1 was 17.6% stocks, 76.9% bonds and 5.5% cash.

The parent is Meridian Global Funds Management Group of National Mutual of Australia.

Joel R. Swanson is chief investment officer; J. Ronald Gouger is client contact.

Collins Associates
840 Newport Center Drive, Suite 660,
Newport Beach, Calif. 92660; (714)
644-5771

	($ millions)
Total:	
Assigned to other firms	320
Tax-exempt:	
Assigned to other firms	288

Collins Associates, a manager of managers, offers active equity, short-term, convertibles, market neutral, hedge fund and distressed security management through external managers.

The equity approaches offered are top down, bottom up, growth, emerging growth, value, yield-based, quantitative and sector rotation.

Budge Collins and John Kensey are client contacts.

Colorado Capital Advisors
950 17th St., Suite 2450, Denver,
Colo. 80217; (303) 892-4203

	($ millions)
Total assets managed	1,384
Total tax-exempt assets	621
Discretionary tax-exempt	621
401(k)/457 plan assets	100
No. of portfolio managers	8

Colorado Capital Advisors Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom up and yield-based; Graham & Dodd analysis is used. Its fixed-income approach uses interest rate anticipation, sector and yield curve analysis and momentum.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

The parent is Colorado National Bank of Denver.

Robert J. Alder is chief investment officer; Scott Chambers is client contact.

A special report on foreign stock exchanges will be published in the Sept. 14 issue.

Columbia Management Co.
P.O. Box 1350, Portland, Ore.
97207-1350; (503) 222-3600

	($ millions)
Total assets managed	10,135
Total tax-exempt assets	6,867
Discretionary tax-exempt	6,867
Mortgage-backed assets	780
No. of portfolio managers	12

Columbia Management Co. is an active equity, active bond and balanced manager.

Its equity approach is top-down and uses sector rotation. Its fixed-income approach uses sector analysis and yield curve analysis.

The asset mix Jan. 1 was 71% stocks, 15% bonds, 3% cash and 11% mortgage-backed securities.

James F. Rippey is chief investment officer; Stephen C. Haas is client contact.

Columbus Bank & Trust Co.
P.O. Box 120, Columbus, Ga. 31902;
(404) 649-2433

	($ millions)
Total assets managed	670
Total tax-exempt assets	120
Discretionary tax-exempt	120
Mortgage-backed assets	6
401(k)/457 assets managed	13
No. of portfolio managers	3
Size of research staff	1

Columbus Bank & Trust Co. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, stressing value-oriented growth.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 35% stocks, 35% bonds, 5% cash, 5% mortgage-backed securities and 20% GICs.

The parent is Synovus Financial Corp.

Danny R. Hobbs is chief investment officer; Joseph M. Lowery is client contact.

Columbus Circle Investors
1 Station Place-1 Metro Center, Eighth
Floor, Stamford, Conn. 06902; (203)
353-6000

	($ millions)
Total assets managed	6,443
Total tax-exempt assets	4,827
Discretionary tax-exempt	4,827
No. of portfolio managers	6
Size of research staff	8

Columbus Circle Investors is an active equity, active bond and balanced manager.

Its equity approach is top-down and bottom-up, using growth stocks and sector rotation. Its fixed-income approach uses sector and yield curve analysis, stressing issue selection.

The asset mix Jan. 1 was 86% stocks and 14% bonds.

The firm runs index option overlay strategies on $2 billion; it manages all of the underlying assets.

The parent is Thomson Advisory Group L.P.

Irwin F. Smith is chief investment officer; Robert W. Fehrmann and Winthrop S. Headley are client contacts.

Commerce Bank
8000 Forsyth, Suite 820, St. Louis,
Mo. 63105; (314) 746-8776

	($ millions)
Total assets managed	3,416
Total tax-exempt assets	1,333
Discretionary tax-exempt	1,247
No. of portfolio managers	20
Size of research staff	3

Commerce Bank is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, with a growth emphasis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 35% stocks, 55% bonds and 10% cash.

The parent is Commerce Bancshares Inc.

Peter F. Mackie is chief investment officer; Robert J. Kalinich is client contact.

Commerz International Capital Management
2 World Financial Center, New York,
N.Y. 10281-1050; (212) 266-7480

	($ millions)
Total assets managed	2,811
Total tax-exempt assets	28
Discretionary tax-exempt	28
International equity, active	15
International bond, active	13
No. of portfolio managers	10
Size of research staff	70

Commerz International Capital Management GmbH is a balanced, short term and active international/global equity and bond manager.

Its equity approach is top-down and quantitative; enhanced indexing is offered.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 53.6% stocks and 46.4% bonds.

The parent is Commerzbank AG.

Heinz J. Hockmann is chief investment officer; Robert H.O. Hock is client contact.

The Common Fund
363 Reef Road, Fairfield, Conn.
06430; (203) 255-7000

	($ millions)
Total:	
Assigned to other firms	12,994
Tax-exempt:	
Assigned to other firms	12,924

The Common Fund, a manager of managers, offers active domestic equity and bond, active international/global equity and bond, short-term and TAA funds.

Some $1.53 billion is run in a swing portfolio using the purchase and sale of futures to vary equity, bond and cash exposure.

George Keane is chief investment officer.

Composite Research & Management Co.
1201 Third Ave., Suite 1220, Seattle,
Wash. 98101; (206) 461-3800

	($ millions)
Total assets managed	1,251
Total tax-exempt assets	266
Discretionary tax-exempt	266
Domestic equity, index	16
Domestic bond, index	225
401(k)/457 assets managed	2
No. of portfolio managers	3

Composite Research & Management Co. is an active equity, active bond, balanced, short-term, enhanced index and convertible manager.

Its equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses sector analysis and yield curve analysis, and is duration constrained.

The asset mix Jan. 1 was 54% stocks, 40% bonds and 6% cash.

The parent is Washington Mutual Financial Group.

Craig Hobbs and Randy Yoakum are chief investment officers; Ken Carlson is client contact.

Computime Institutional Services Inc.
300 Mercer St., Suite 20 E, New York,
N.Y. 10003; (212) 777-9494

	($ millions)
Total assets managed	80
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	2
Size of research staff	2

Computime Institutional Services Inc. is an active and passive equity, TAA and enhanced index manager that uses sector rotation and market timing.

The asset mix Jan. 1 was 100% stocks.

David M. Levin is chief investment officer; Mack Arnette is client contact.

Compu-Val Investments
1702 Lovering Ave., Wilmington, Del.
19806; (302) 652-6767

	($ millions)
Total assets managed	281
Total tax-exempt assets	108
Discretionary tax-exempt	108
Domestic equity, index	70
Domestic bond, index	3
Size of research staff	4

Compu-Val Investments is an active equity, balanced and passive bond manager.

Its equity approach is top-down and bottom-up, emphasizing low p/es and Graham & Dodd analysis.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 58% stocks, 38% bonds and 4% cash.

James Kalil is chief investment officer; Donald J. Kalil is client contact.

Concord Capital Management
2800 Campus Drive, Suite 100, San
Mateo, Calif. 94403; (415) 572-0400

	($ millions)
Total assets managed	756
Total tax-exempt assets	756
Discretionary tax-exempt	756
Size of research staff	3

Concord Capital Management, an active equity manager, uses thematic/value approach.

The asset mix Jan. 1 was 92% stocks and 8% cash.

Harold L. Arbit is chief investment officer; Gloria B. Carlson is client contact.

Confederation Life Insurance Co.
321 Bloor St. E., Toronto, Ontario
M4W 1H1; (416) 323-8111

	($ millions)
Total assets managed	22,527
Total tax-exempt assets	3,108
Discretionary tax-exempt	3,108
GICs	2,916
Annuities	66

Confederation Life Insurance Co. is an active equity, active bond, balanced, and short-term manager through its three regional operating companies.

• Confederation Life Insurance Co.-U.S. Region manages $5.965 billion in total assets, of which $3.108 billion is U.S., institutional, discretionary, tax exempt. It is an active domestic and international/global equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and value oriented. Its fixed-income approach uses interest rate anticipation, yield curve analysis and duration management using fundamental economic analysis.

Hubert Atkinson is chief investment officer; Frank D'Ambra III is client contact.

• Confederation Life Insurance Co.-Canadian Region manages $10.283 billion in total assets, of which $4.42 billion is institutional, discretionary, tax exempt. It is an active domestic and international/global equity, active bond, balanced, real estate, short-term and index-linked mortgage manager.

Its equity approach is bottom-up and value-oriented. Its fixed-income approach uses interest rate anticipation.

John Watson is chief investment officer; Lloyd G. Barbara is client contact.

• Confederation Life Insurance Co.-U.K. Region manages $6.259 billion in total assets of the above. Robert Hewson is the client contact.

Confederation Life Insurance Co.-Canadian Region
321 Bloor St. East, Toronto, Ontario
M4W 1H1; (416) 323-2345

See entry for CONFEDERATION LIFE INSURANCE CO.

Confederation Life Insurance Co.-U.K. Region
Lytton Way, Stevenage, England SG1
2NN; 0438-741741

See entry for CONFEDERATION LIFE INSURANCE CO.

Confederation Life Insurance Co.-U.S. Region
P.O. Box 105103, 260 Interstate North
Circle, Atlanta, Ga. 30348; (404)
953-5100

See entry for CONFEDERATION LIFE INSURANCE CO.

Connecticut Investment Management Inc.
172 Brush Hill Road, P.O. Box 877,
Lyme, Conn. 06371; (203) 434-9700

	($ millions)
Total assets managed	152
Total tax-exempt assets	28
Discretionary tax-exempt	28
Mortgage-backed assets	1
401(k)/457 assets managed	6
No. of portfolio managers	3

Connecticut Investment Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth. Its fixed-income approach uses high-quality securities with laddered maturities.

The asset mix Jan. 1 was 75% stocks, 20% bonds, 2% cash, 3% mortgage-backed securities.

Richard L. Foote is chief investment officer; Mr. Foote and Gerald A. Long are client contacts.

Connors Investor Services
1100 Berkshire Blvd., Suite 300,
Wyomissing, Pa. 19610; (215)
376-7418

	($ millions)
Total assets managed	160
Total tax-exempt assets	87
Discretionary tax-exempt	84
401(k)/457 assets managed	3
No. of portfolio managers	3
Size of research staff	1

Connors Investor Services Inc. is an active equity, balanced, passive bond, short-term and covered option writing manager.

Its equity approach is bottom-up, looking at growth and emerging growth and using covered option writing.

The asset mix Jan. 1 was 85% stocks and 15% cash.

James M. Connors is chief investment officer; Ronald H. Seher is client contact.

Consistent Asset Management Co.
116 Commons Court, Chadds Ford,
Pa. 19317; (215) 558-3000

	($ millions)
Total assets managed	1,200
Total tax-exempt assets	1,120
Discretionary tax-exempt	1,120
401(k)/457 assets managed	50
No. of portfolio managers	4

Consistent Asset Management Co., an active bond and short-term manager, uses interest rate anticipation.

The asset mix Jan. 1 was 100% bonds.

Daryl L. Hudson is chief investment officer; David W. Umbs is client contact.

Continental Asset Management
180 Maiden Lane, New York, N.Y.
10038; (212) 440-7526

	($ millions)
Total assets managed	13
Total tax-exempt assets	0.7
Discretionary tax-exempt	0.7
401(k)/457 assets managed	0.6
No. of portfolio managers	12
Size of researchstaff	17

Continental Asset Management is an active equity, active domestic and international/global bond, balanced and short-term manager.

The asset mix Jan. 1 was 25% stocks, 35% bonds, 26% cash and 14% mortgage-backed securities.

The parent is The Continental Corp.

Walter J. Blasberg is chief investment officer; Andrew Yarumian is client contact.

Continental Assurance Co.
CNA Plaza, Chicago, Ill. 60685; (312)
822-4610

	($ millions)
Total assets managed	10,956
Total tax-exempt assets	7,275
Discretionary tax-exempt	7,275
GICs	5,354
Annuities	384
No. of portfolio managers	10
Size of research staff	15

Continental Assurance Co. is a guaranteed investment contract manager.

Its equity approach is bottom-up and value-oriented; market timing is used. Its fixed-income approach uses hedged and unhedged accounts, with interest rate anticipation, sector analysis and yield curve analysis.

The separate account asset mix Jan. 1 was 1.6% stocks, 79.9% bonds, 3% cash and 15.5% mortgages.

Don Rycroft is chief investment officer; Ralph Vuono is client contact.

Continental Bank N.A.
30 N. LaSalle St., Chicago, Ill. 60697;
(312) 828-5905

	($ millions)
Total assets managed	6,893
Total tax-exempt assets	835
Discretionary tax-exempt	835
Dedicated/immunized assets	60
401(k)/457 plan assets	100
No. of portfolio managers	22
Size of research staff	7

Continental Bank N.A. is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach is quantitative, looking at low p/e and growth stocks.

The asset mix Jan. 1 was 41% stocks, 49% bonds, 6% cash and 4% other.

James D. Miller is chief investment officer and client contact.

Cooke & Bieler Inc.
1700 Market St., Suite 3222,
Philadelphia, Pa. 19103; (215)
567-1101

	($ millions)
Total assets managed	4,623
Total tax-exempt assets	3,818
Discretionary tax-exempt	3,818
401(k)/457 plan assets	114
No. of portfolio managers	8

Cooke & Bieler Inc. is an active equity, balanced, and mutual fund manager.

Its equity approach is bottom-up, stressing and low-risk growth. Its fixed-income approach uses interest rate anticipation and current analysis, maturity ladder and buy/hold strategies.

The asset mix Jan. 1 was 80% stocks, 9% bonds and 11% cash.

The parent is United Asset Management Corp.

Robert T. Brooks is client contact.

Copley Real Estate Advisors
399 Boylston St., Boston, Mass.
02116; (617) 578-1200

	($ millions)
Total assets managed	14,146
Total tax-exempt assets	9,617
Discretionary tax-exempt	9,536
Equity real estate assets	9,338
Mortgage assets	198
No. of portfolio managers	11
Size of research staff	8

Copley Real Estate Advisors is a real estate manager.

The asset mix Jan. 1 was 98% equity real estate and 2% mortgages.

The parent is New England Investment Cos.

Kevin M. Mahony is chief investment officer; John C. Phillips Jr. is client contact.

Corbyn Associates Inc.
Suite 330, The Quadrangle, Village of
Cross Keys, Baltimore, Md.
21210-1887; (410) 532-8600

	($ millions)
Total assets managed	138
Total tax-exempt assets	96
Discretionary tax-exempt	96
401(k)/457 assets managed	4
No. of portfolio managers	3
Size of research staff	3

Corbyn Associates Inc. is an active equity, active bond, balanced, convertible and special situations manager.

Its equity approach is bottom-up and value oriented, using low p/e stocks, Graham & Dodd analysis and special situations. Its fixed-income approach uses interest rate anticipation, yield curve analysis and special situations.

The asset mix Jan. 1 was 45% stocks, 20%

W

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CONTACT: MICHAEL J. NAPOLI JR., (310) 451-3051

bonds, 15% cash and 20% convertible bonds.

Daniel R. Long III and Charles Carlson are chief investment officers; Richard Hynson Jr. is client contact.

CoreStates Investment Advisers

1500 Market St., Philadelphia, Pa.
19101; (215) 973-7813

	($ millions)
Total assets managed	8,169
Total tax-exempt assets	3,607
Discretionary tax-exempt	3,607
Mortgage-backed assets	400
401(k)/457 assets managed	1,100
No. of portfolio managers	15
Size of research staff	9

CoreStates Investment Advisers is an active equity, active bond, balanced, short-term, TAA and GIC manager.

The equity approach is bottom up, with a growth emphasis. Its fixed-income approach uses interest rate anticipation, sector and yield curve analyses, and high-grade securities.

The asset mix Jan. 1 was 35% stocks, 50% bonds, 5% cash and 10% mortgage-backed securities.

The parent is CoreStates Financial.

Paul G. Finegan is chief investment officer; William T. Lawrence is client contact.

Cornell Capital Management

9630 Clarence Center Road, Clarence
Center, N.Y. 14032; (716) 741-2963

	($ millions)
Total assets managed	15
Total tax-exempt assets	5
Discretionary tax-exempt	5
401(k)/457 assets managed	5
No. of portfolio managers	1
Size of research staff	2

Cornell Capital Management is an active equity, balanced and short-term manager.

Its equity approach is bottom-up, emphasizing Graham & Dodd analysis. Its fixed-income approach is active.

The asset mix Jan. 1 was 60% stocks, 40% cash.

D.C. Hartzell is chief investment officer and client contact.

Cornerstone Asset Management Partners

270 Madison Ave., New York, N.Y.
10016; (212) 481-6040

	($ millions)
Total assets managed	100
Total tax-exempt assets	100
Discretionary tax-exempt	100

Cornerstone Asset Management Partners, an active equity manager, uses a quantitative approach.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Jac Curley is chief investment officer; Duane G. Roberts is client contact.

Cornerstone Capital Corp.

400 Northcreek, Suite 575; 3715
Northside Parkway N.W., Atlanta,
Ga. 30327; (404) 240-0666

	($ millions)
Total assets managed	63
Total tax-exempt assets	8
Discretionary tax-exempt	8
No. of portfolio managers	2

Cornerstone Capital Corp. is an active equity, balanced, passive bond and active small-cap equity manager.

Its equity approach is bottom-up, with emphasis on low p/e and Graham & Dodd analysis.

The asset mix Jan. 1 was 60% stocks, 40% bonds.

Thomas E. Quinn is chief investment officer; Gene A. Hoots is client contact.

Corporate Investment Associates (RT) Inc.

70 York St., Sixth Floor, P.O. Box
7500, Station A, 7046, Toronto,
Ontario M5W 1P9; (416)981-6142

	($ millions)
Total:	
Internal	8,300
Assigned to other firms	44
Tax-exempt:	
Internal, discretionary	5,702
Assigned to other firms	44
Internally managed, tax-exempt	
Equity real estate assets	45
Mortgage assets	808
Dedicated/immunized assets	324
Non-North American equity, active	79
No. of portfolio managers	9
Size of research staff	2

Corporate Investment Associates (RT) Inc., a Canadian firm, is an active domestic and international equity, active bond, balanced, real estate, short-term and mortgage manager.

The equity approach is top-down and bottom-up, emphasizing Graham & Dodd analysis for growth and emerging growth issues.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 24.5% Canadian stocks, 3.4% U.S. stocks, 45.5% bonds, 11.1% cash, 0.8% equity real estate, 13.3% mortgages and 1.4% non-North American equities.

The parent is Royal Trust.

Lee Bentley is chief investment officer; Tim Griffin is client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y.
10017; (212) 421-8200

	($ millions)
Total assets managed	4,700
Total tax-exempt assets	2,480
Discretionary tax-exempt	1,600
Equity real estate assets	1,488
Mortgage assets	112

Corporate Property Investors is a real estate manager.

The asset mix Jan. 1 was 93% equity real estate and 7% mortgages.

Hans C. Mautner is chief investment officer; William J. Lyons is client contact.

Coventry Realty Advisors

1111 Bagby, Suite 1600, Houston,
Texas 77002; (713) 896-9999

	($ millions)
Total assets managed	256

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Total tax-exempt assets	234
Discretionary tax-exempt	234
Equity real estate assets	233
No. of portfolio managers	1
Size of research staff	14

Coventry Realty Advisors Inc. is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

Coventry Investment Group Inc. is an affiliate.

W. Carey Whitehead is chief investment officer and client contact.

Cowen Asset Management
Financial Square, 28th Floor, New York, N.Y. 10005; (212) 495-6656

	($ millions)
Total assets managed	687
Total tax-exempt assets	524
Discretionary tax-exempt	524
No. of portfolio managers	4
Size of research staff	5

Cowen Asset Management, an active equity manager, takes a yield-based, low p/e approach.

The asset mix Jan. 1 was 95% stocks and 5% cash.

The parent is Cowen & Co.

William R. Church is chief investment officer; Jack Estes is client contact.

Cozad Asset Management
2500 Galen Drive, Champaign. Ill. 61821; (217) 356-8363

	($ millions)
Total assets managed	159
Total tax-exempt assets	74
Discretionary tax-exempt	63
Equity real estate assets	1
No. of portfolio managers	3
Size of research staff	2

Cozad Asset Management Inc. is an active equity and agricultural real estate manager.

Its equity approach is top-down and grow-oriented; sector rotation is used. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 75.4% stocks, 19.8% bonds, 2.3% cash, 1.2% equity real estate, 0.2% mortgages, 1.1% notes and annuities.

Ronald Kiddoo is chief investment officer and client contact.

The Crabbe Huson Co.
121 S.W. Morrison, Suite 1400, Portland. Ore. 97204; (503) 295-0111

	($ millions)
Total assets managed	615
Total tax-exempt assets	481
Discretionary tax-exempt	481
Mortgage-backed assets	3
International equity, active	14
401(k)/457 assets managed	50
No. of portfolio managers	2
Size of research staff	5

The Crabbe Huson Co. is an active equity, active bond, balanced, short-term and TAA manager.

Its equity approach uses low p/e stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50.5% stocks, 44.1% bonds, 4.9% cash and 0.5% mortgage-backed securities.

Richard S. Huson is chief investment officer; James E. Crabbe is client contact.

Cramblit & Carney Inc.
523 W. Sixth St., Suite 1134, Los Angeles, Calif. 90014; (213) 680-0562

	($ millions)
Total assets managed	1,145
Total tax-exempt assets	825
Discretionary tax-exempt	825
No. of portfolio managers	5
Size of research staff	1

Cramblit & Carney Inc. is an active equity, active bond, balanced and small-cap manager.

Its equity approach is bottom-up and growth-oriented, emphasizing small-cap stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 45% stocks, 46% bonds and 9% cash.

Richard P. Carney is chief investment officer; Barry T. Seymour is client contact.

Cramer Rosenthal McGlynn
520 Madison Ave., New York, N.Y. 10022; (212) 838-3830

	($ millions)
Total assets managed	466
Total tax-exempt assets	153
Discretionary tax-exempt	153
No. of portfolio managers	3
Size of research staff	4

Cramer Rosenthal McGlynn Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, with emphasis on growth, low p/e and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 55% stocks, 30% bonds and 15% cash.

Gerald B. Cramer is chief investment officer; Lena Khatcherian is client contact.

Crawford Investment Counsel Inc.
100 Galleria Parkway, Suite 980, Atlanta, Ga. 30339; (404) 859-0045

	($ millions)
Total assets managed	385
Total tax-exempt assets	259
Discretionary tax-exempt	259
No. of portfolio managers	2
Size of research staff	1

Crawford Investment Counsel Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and yield-based. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 41% bonds and 9% cash.

John H. Crawford III is chief investment officer and client contact.

Crestar Bank
919 E. Main St., Richmond, Va. 23219; (804) 782-5000

	($ millions)
Total assets managed	7,488
Total tax-exempt assets	3,960

Sentinel River Venture Company, a joint venture of institutional investors, has acquired:

Sentinel

RIVERBEND APARTMENTS

Atlanta, Georgia

$24,000,000

Sentinel Real Estate Corporation
1290 Avenue of the Americas
New York, NY 10104
(212) 408-2900

John B. Fewel, Jr., CFA
Equities Investment Officer
Oregon Public Employes
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Discretionary tax-exempt	3,960
401(k)/457 assets managed	300
No. of portfolio managers	22
Size of research staff	5

Crestar Bank offers active equity, active bond, balanced, real estate, international/global active equity, short-term and convertible management through its subsidiary, Capitoline Investment Services.

- Capitoline Investment Services' equity approach is bottom-up and quantitative, seeking low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 30% stocks, 25% bonds, 35% cash and 10% GICs.

The parent is Crestar Financial Corp.

Robert V. Callahan is chief investment officer; James R. Springer is client contact.

CRI Institutional Real Estate

The CRI Building, 11200 Rockville
Pike, Rockville, Md. 20852; (301)
468-9200

	($ millions)
Total assets managed	5,088
Total tax-exempt assets	7
Discretionary tax-exempt	7

CRI Institutional Real Estate Inc. is a real estate investment trust manager.

The asset mix Jan. 1 was 100% equity real estate.

Richard Kadish is chief investment officer; Bradford H. Dockser is client contact.

Criterion Investment Management Co.

1000 Louisiana, Suite 6000, Houston,
Texas 77002-5098; (713) 751-2400

	($ millions)
Total assets managed	9,200
Total tax-exempt assets	9,196
Discretionary tax-exempt	9,196
Mortgage-backed assets	1,104
No. of portfolio managers	7
Size of research staff	6

Criterion Investment Management Co. is an active bond and enhanced index manager.

Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 73% bonds, 15% cash and 12% mortgage-backed securities.

The parent is Transamerica Corp.

Terence S. Ellis is chief investment officer; John R. Pipkin is client contact.

Crown Life Insurance Co.

120 Bloor St. E., Toronto, Ontario
M4W 1B8; (416) 928-5865

	($ millions)
Total assets managed	4,130
Total tax-exempt assets	358
Discretionary tax-exempt	358
For subsidiaries of U.S. firms	75
Mortgage assets	75
Non-North American equity, active	9
No. of portfolio managers	5
Size of research staff	1

Crown Life Insurance Co., a Canadian firm, is an active equity, active bond, balanced, active international/global equity and short-term manager.

Its equity approach is top-down and value-oriented; sector rotation is used. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 25.9% Canadian stocks, 14.9% U.S. stocks, 24% bonds, 4.9% cash, 21.5% mortgages, 6.1% U.S. managed GICs and 2.7% non-N. American equities.

Brian A. Johnson is chief investment officer; Paul Taylor is client contact.

Cseh International & Associates Inc.

1235 Westlakes Drive, Suite 370,
Berwyn, Pa. 19312; (215) 889-0289

	($ millions)
Total assets managed	51
Total tax-exempt assets	39
Discretionary tax-exempt	39
International equity, active	37
International cash assets	2
401(k)/457 assets managed	1
No. of portfolio managers	2

Cseh International & Associates Inc., an active international/global equity manager, uses a bottom-up approach, emphasizing low p/es.

The asset mix Jan. 1 was 95% international stocks, 5% international cash.

The parent is Cashman, Farrell and Associates.

Sandor Cseh is chief investment officer; Donald McBride is client contact.

CSI Asset Management Inc.

225 W. Washington St., Suite 1050,
Chicago, Ill. 60606; (312) 236-8271

	($ millions)
Total assets managed	1,896
Total tax-exempt assets	1,896
Discretionary tax-exempt	1,846
Mortgage-backed assets	269
No. of portfolio managers	5

CSI Asset Management Inc. is an active equity, active bond, balanced and mortgage-backed securities manager.

Its equity approach is bottom-up and growth-oriented; semi-active accounts are offered.

The asset mix Jan. 1 was 9% stocks, 74% bonds, 2% cash and 15% mortgage-backed securities.

The parent is Prudential Insurance Co. of America.

Dwight D. Churchill is chief investment officer; Beatrice L. Fields is client contact.

Cullen Center Bank & Trust

600 Jefferson, P.O. Box 1315,
Houston, Texas 77251; (713)
652-7856

	($ millions)
Total assets managed	281
Total tax-exempt assets	114
Discretionary tax-exempt	114
Mortgage-backed assets	12
No. of portfolio managers	2

Cullen Center Bank & Trust is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing low p/es. Its fixed-income approach is hedged, using interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 27% stocks, 44% bonds, 18% cash and 11% mortgage-backed securities.

The parent is Cullen Frost Bankers Inc.

Robert B. McAshan IV is chief investment officer; Michael L. Daugherty is client contact.

Cumberland Advisors

614 Landis Ave., Vineland, N.J.
08360; (609) 692-6690

	($ millions)
Total assets managed	269
Total tax-exempt assets	72
Discretionary tax-exempt	72
Mortgage-backed assets	22
International equity, active	1
401(k)/457 assets managed	0.5
No. of portfolio managers	3
Size of research staff	2

Cumberland Advisors is an active equity, active bond, balanced, short-term and active municipal bond manager.

Its equity approach is top-down, using Graham & Dodd analysis and looking at growth. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 45% stocks, 15% bonds, 10% cash and 30% mortgage-backed securities.

David R. Kotok is chief investment officer; Suzanne N. Greenberg is client contact.

John M. Cunningham Inc.

200 Eagle Road, Suite 204, Wayne,
Pa. 19087; (215) 687-5060

	($ millions)
Total assets managed	15
Total tax-exempt assets	10
Discretionary tax-exempt	10
No. of portfolio managers	1

John M. Cunningham Inc. is an active equity, active and passive bond and balanced manager.

Its equity approach is bottom-up, with emphasis on growth, emerging growth, low p/e and Graham & Dodd analysis. Its strategy is also yield-based and employs sector rotation and market timing.

Its primary fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 9% stocks, 15% bonds and 76% cash.

John M. Cunningham is chief investment officer and client contact.

Martin Currie Inc.

Saltire Court, 20 Castle Terrace,
Edinburgh, Scotland EH1 2E5 U.K.;
031-229-5252

	($ millions)
Total assets managed	4,615
Total tax-exempt assets	138
Discretionary tax-exempt	138
International equity, active	129
International cash assets	9
No. of portfolio managers	25

Martin Currie Inc. is an active domestic and international/global equity and balanced manager.

Its equity approach is top-down, focusing on growth and low p/e.

The asset mix Jan. 1 was 93.6% stocks, 0.2% bonds and 6.2% cash.

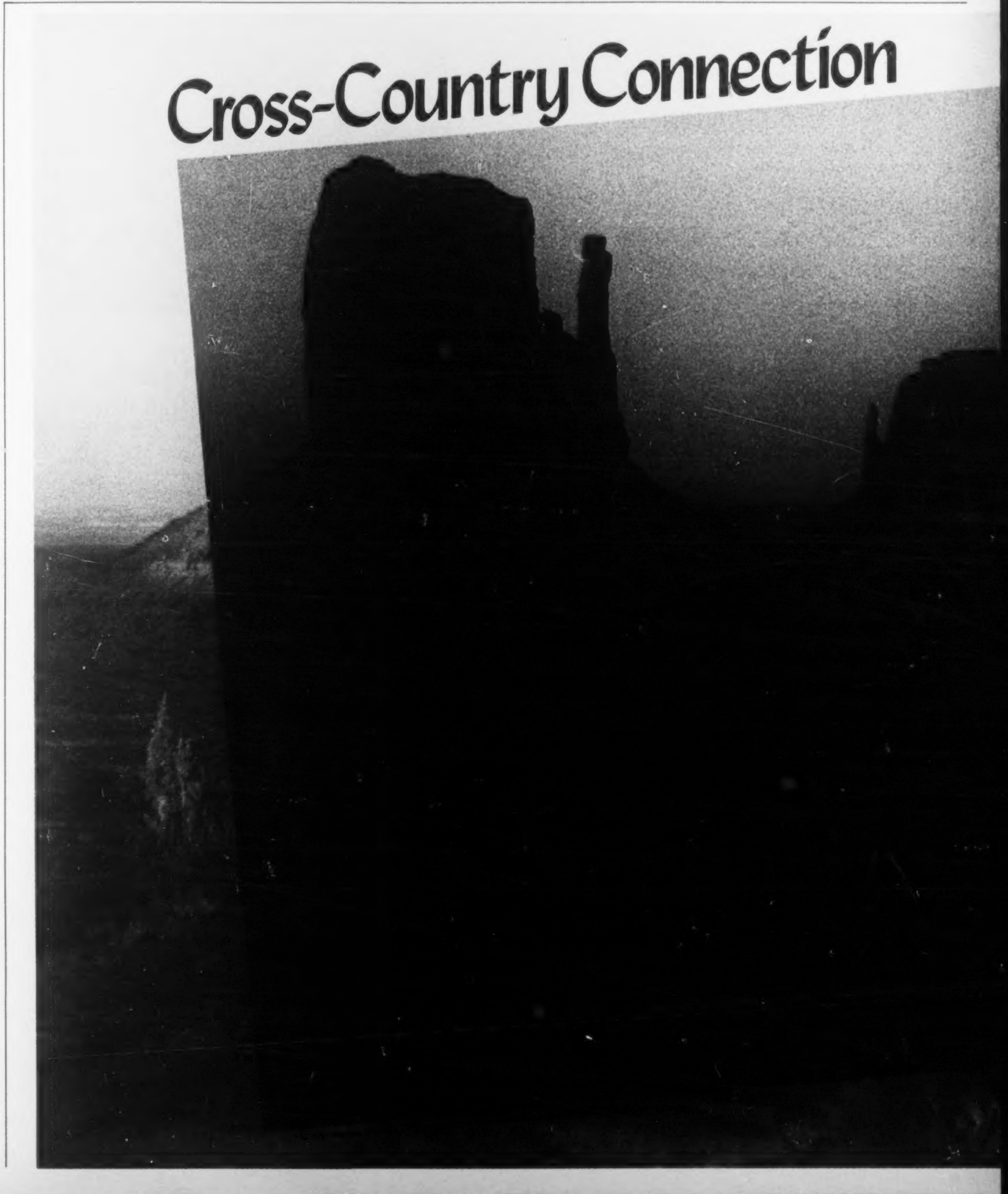
The parent is Martin Currie Ltd.

Joe Scott Plummer is chief investment officer; Chris Berger-North is client contact.

Cutler & Co. Inc.

503 Airport Road, Medford, Ore.,
97504; (503) 770-9000

	($ millions)
Total assets managed	679
Total tax-exempt assets	616
Discretionary tax-exempt	616
401(k)/457 assets managed	18
No. of portfolio managers	5
Size of research staff	1



Cutler & Co. Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and yield-based. Its fixed-income approach is laddered, using short- to intermediate-term, high-quality government and corporate bonds.

The asset mix Jan. 1 was 93% stocks, 3% bonds and 4% other.

Geoffrey W. Cutler is chief investment officer; Mark S. Patten is client contact.

D

Daiwa International Capital Management Corp.-New York

200 Liberty St., 1 World Financial
Center, New York, N.Y. 10281;
(212) 945-0099

	($ millions)
Total assets managed	19,347
Total tax-exempt assets	497
Discretionary tax-exempt	497
International equity, active	437
International cash assets	60
No. of portfolio managers	8
Size of research staff	205

Daiwa International Capital Management Corp.-New York is an active international/global, Pacific Basin and Japan equity manager.

Its equity approach is top-down and bottom-up, stressing low p/e.

The asset mix Jan. 1 was 88% stocks and 12% cash.

The parent is Daiwa International Capital Management Co. Ltd.

N. Wakabayashi is chief investment officer; Leslie Austin is client contact.

Dalton, Greiner, Hartman, Maher & Co.

630 Fifth Ave., Suite 3425, New York,
N.Y. 10001; (212) 459-0500

	($ millions)
Total assets managed	2,315
Total tax-exempt assets	2,210
Discretionary tax-exempt	2,210
No. of portfolio managers	4
Size of research staff	1

Dalton, Greiner, Hartman, Maher & Co. is an active equity and balanced manager.

Its equity approach is bottom-up and low p/e.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 80% stocks, 3% bonds and 17% cash.

Timothy G. Dalton Jr. is chief investment officer and client contact.

Dana Investment Advisors

330 S. Executive Drive, Suite 301,
Brookfield, Wis. 53005; (414)
782-3631

	($ millions)
Total assets managed	700
Total tax-exempt assets	550
Discretionary tax-exempt	550
Mortgage-backed assets	470

Dana Investment Advisors Inc. is an active bond and short-term manager.

The asset mix Jan. 1 was 4% stocks, 6% bonds, 5% cash and 85% mortgage-backed securities.

Michael L. Dana is chief investment officer; Don J. Moore is client contact.

Darien Capital Management

1 E. Putnam Ave., Greenwich, Conn.
06830; (203) 661-6681

	($ millions)
Tax-exempt:	
Overwriting programs	1,050
Underlying assets managed internally	0
No. of portfolio managers	2

Darien Capital Management Inc. offers index option overwriting and fixed-income overlay management.

Gregory M. Hryb is chief investment officer; Joseph K. Mimms is client contact.

Davenport & Co. of Virginia

801 E. Main St., Richmond, Va.
23219; (804) 780-2117

	($ millions)
Total assets managed	369
Total tax-exempt assets	142
Discretionary tax-exempt	97
No. of portfolio managers	3
Size of research staff	4

Davenport & Co. of Virginia Inc. is an active equity, balanced and passive bond manager.

Its equity approach is bottom-up and growth-oriented, looking at low p/e and Graham & Dodd analysis.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

Joseph L. Antrim is chief investment officer; Nancy P. Jenkins is client contact.

Davidson, Garrard & Goode

P.O. Box 939, Lynchburg, Va. 24505;
(804) 847-6600

	($ millions)
Total assets managed	135
Total tax-exempt assets	46
Discretionary tax-exempt	46
No. of portfolio managers	5

Davidson, Garrard & Goode is an active equity, balanced and passive bond manager.

Its equity approach is bottom-up, and looks at both growth and low p/e stocks.

The asset mix Jan. 1 was 57% stocks, 38% bonds and 5% cash.

Edgar D. Garrard is chief investment officer; Stephen L. Crank is client contact.

Davis Hamilton Jackson & Associates

909 Fannin, 2 Houston Center, Suite
550, Houston, Texas 77010; (713)
853-2302

	($ millions)
Total assets managed	405
Total tax-exempt assets	352
Discretionary tax-exempt	352
Number of portfolio managers	3
Size of research staff	1

Davis Hamilton Jackson & Associates is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth, emerging growth and using sector rotation.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 70% stocks and 30% bonds.

Robert C. Davis is chief investment officer; Jeffrey Arcy is client contact.

Davis, Weaver & Mendel Inc.

5600 Glenridge Drive, Suite 200,
Atlanta, Ga. 30342; (404) 252-0077

	($ millions)
Total assets managed	224
Total tax-exempt assets	208
Discretionary tax-exempt	208
Domestic bond, index	30
401(k)/457 plan assets	126
No. of portfolio managers	2
Size of research staff	2

Davis, Weaver & Mendel Inc. is an active equity, active bond, balanced and TAA manager.

Its equity approach is quantitative and uses market timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 100% stocks.

Thomas H. Weaver is chief investment officer. Marsh Douthat is client contact.

Dawes Investment Service

900 S. U.S. Highway 1, Suite 207,
Jupiter, Fla. 33477; (407) 747-0896

	($ millions)
Total assets managed	87
Total tax-exempt assets	61
Discretionary tax-exempt	55
No. of portfolio managers	2

Dawes Investment Service Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using low p/e stocks and sector rotation. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 62% stocks, 5% bonds and 33% cash.

Richard C. Sunshine is chief investment officer; Kristy J. Dodge is client contact.

Dawson-Samberg Capital Management Inc.

354 Pequot Ave., Southport, Conn.
06490; (203) 254-0091

	($ millions)
Total assets managed	209
Total tax-exempt assets	102
Discretionary tax-exempt	102
No. of portfolio managers	3

Dawson-Samberg Capital Management Inc. is an active equity, balanced and hedge fund manager.

Its equity approach is top down and bottom up.

The asset mix Jan. 1 was 88% stocks and 12% bonds.

Jonathan T. Dawson is chief investment officer; Sheila J. Clancy is client contact.

Dean Investment Associates

2480 Kettering Tower, Dayton, Ohio
45423; (513) 222-0282

	($ millions)
Total assets managed	4,675
Total tax-exempt assets	3,258
Discretionary tax-exempt	3,258
No. of portfolio managers	29
Size of research staff	5

Dean Investment Associates is an active and passive equity, active bond, balanced and TAA manager.

When you're shipping from the West, connecting with The Thoroughbred means access to the East and South through the largest network of major interchanges.

Norfolk Southern's agreements with major western rail carriers, shortline and regional railroads, and [illegible] carriers give you a wide selection of [illegible] options, including the first [illegible] access to Canada. Freight moves [illegible] and [illegible] through [illegible] connections. [illegible] call the [illegible] Norfolk Southern [illegible] office to help you [illegible]

[illegible] The Thoroughbred [illegible]

Its primary equity approach is active, bottom-up, value-oriented and yield-based. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Dennis D. Dean is chief investment officer; Dennis S. Mullins is client contact.

Dearden, Maguire and Weaver Inc.

1 Tower Bridge, Suite 560, 100 Front
St., West Conshohocken, Pa.
19428; (215) 832-0277

	($ millions)
Total assets managed	825
Total tax-exempt assets	350
Discretionary tax-exempt	350
No. of portfolio managers	6

Dearden, Maguire and Weaver Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using sector rotation and looking at growth and low p/es.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Edward C. Dearden, Alexander A. Maguire and James M. Weaver are chief investment officers; Mr. Dearden is client contact.

Delaware International Advisers Ltd.

46 New Broad St., London, England
EC2M 1JJ; 44-71-638-2493

	($ millions)
Total assets managed	257
Total tax-exempt assets	165
Discretionary tax-exempt	165
International equity, active	154
International bond, active	11
No. of portfolio managers	8

Delaware International Advisers Ltd. is an active equity, active bond, balanced and active international/global active equity and bond manager.

Its equity approach is top-down, bottom-up, using Graham & Dodd analysis and low p/e stocks. Its fixed-income approach uses inflation forecasting.

The asset mix Jan. 1 was 93% stocks, 7% bonds.

The parent is Delaware Management Holdings Inc.

David G. Tilles is chief investment officer; John C.E. Campbell is client contact at (215) 986-1096.

Delaware Investment Advisers

1 Commerce Square, Philadelphia,
Pa. 19103; (215) 568-5880

	($ millions)
Total assets managed	16,600
Total tax-exempt assets	15,835
Discretionary tax-exempt	15,835
No. of portfolio managers	22

Delaware Investment Advisers is an active equity, active bond and balanced manager.

The equity approach stresses low p/es and is yield based. Its fixed-income approach uses interest rate anticipation, yield curve analysis and high-yield bonds.

The asset mix Jan. 1 was 76.8% stocks, 18.8% bonds and 4.4% cash.

The parent is Delaware Management Co.

Wayne A. Stork is chief investment officer; Winthrop S. Jessup is client contact.

Delta Asset Management

333 S. Grand Ave., Suite 1450, Los
Angeles, Calif. 90071; (213)
626-1300

	($ millions)
Total assets managed	2,152
Total tax-exempt assets	1,985
Discretionary tax-exempt	1,635
No. of portfolio managers	2
Size of research staff	1

Delta Asset Management, an active equity manager, uses a top-down, growth-oriented approach.

The asset mix Jan. 1 was 92% stocks and 8% cash.

The parent is Furman Selz Inc.

Robert U. Sandroni is chief investment officer; William C. Hibschman is client contact.

Delta Financial Management

37 Derby St., Hingham, Mass. 02043;
(617) 749-8156

	($ millions)
Total assets managed	84
Total tax-exempt assets	75
Discretionary tax-exempt	75
No. of portfolio managers	2

Delta Financial Management Corp. is an active equity, active bond and balanced manager.

Its equity approach is yield-based, and looks at low p/es.

The asset mix Jan. 1 was 54% stocks, 34% bonds and 12% cash.

Frank J. Weldon is chief investment officer; William M. Weldon is client contact.

D.F. Dent & Co. Inc.

2 E. Read St., Baltimore, Md. 21202;
(301) 837-2544

	($ millions)
Total assets managed	370
Total tax-exempt assets	170
Discretionary tax-exempt	170
No. of portfolio managers	3
Size of research staff	2

D.F. Dent & Co. Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, stressing growth and emerging growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 52% stocks, 41% bonds and 7% cash.

Daniel F. Dent is chief investment officer; Sutherland C. Ellwood is client contact.

Denver Investment Advisors Inc.

633 17th St., Suite 1800, P.O. Box
17487, Denver, Colo. 80217; (303)
293-2020

	($ millions)
Total assets managed	5,560
Total tax-exempt assets	4,951
Discretionary tax-exempt	4,949
No. of portfolio managers	11
Size of research staff	11

Denver Investment Advisors Inc. is an active equity, active bond, balanced and short-term term.

Its equity approach is bottom-up and grow-oriented. Its fixed-income approach stresses security selection.

The asset mix Jan. 1 was 60% stocks, 37% bonds and 3% cash.

The parent is First Interstate Bank of Denver.

Kenneth V. Penland is chief investment officer; Dennis E. Larkin is client contact.

Derby and Co. Inc.

57 Wells Ave., Newton, Mass. 02159;
(617) 577-0033

	($ millions)
Total assets managed	106
Total tax-exempt assets	92
Discretionary tax-exempt	92
Mortgage-backed assets	86
401(k)/457 assets managed	6
No. of portfolio managers	3

Derby and Co. Inc. is an active and passive bond manager.

B.H. Derby is chief investment officer; Mark A. Derby is client contact.

Canadian investment managers

Firm	$ mils.*
AMI Partners	6,900
Gryphon Investment	6,411
Sceptre Investment	6,217
Corporate Investment	5,702
Confederation Life	4,420
Mu-Cana Investment	4,225
Knight, Bain, Seath	2,851
MT Associates	2,340
MacKenzie Financial	2,000
Barclays McConnell	1,959
Sun Life of Canada	1,800
Lincluden Management	1,750
Morguard Investments	1,550
McLean, Budden	1,209
Canagex Associates	1,200
Bolton Tremblay	1,127
Central Guaranty	1,000
Guardian Capital	988
Elliott & Page	847
Assurance-vie Desjardins	834
Batterymarch: Canada	600
Penreal Advisors	428
Standard Life	408
Hodgson Roberton Laing	394
Crown Life	358
Seamark Asset	350
Investors Group	294
Managed Investments	275
Edgecombe Group	191
Howson Tattersall	96
International Trust	31
John S. Keenlyside	10
Total	**58,765**

*Internally managed discretionary tax-exempt assets in U.S. dollars

Devon Institutional Realty Advisors

1999 Harrison St., Suite 810, Oakland,
Calif. 94612; (510) 273-8670

	($ millions)
Total assets managed	146
Total tax-exempt assets	146
Discretionary tax-exempt	146
Equity real estate assets	146
No. of portfolio managers	2
Size of research staff	1

Devon Institutional Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

The parent is Devon Capital Management.

Kelly Gallacher is chief investment officer; Kenneth E. Nitzberg is client contact.

Dewey Square Investors

1 Financial Center, Boston, Mass.
02111; (617) 526-1311

	($ millions)
Total assets managed	3,200
Total tax-exempt assets	3,200
Discretionary tax-exempt	3,200
Dedicated/immunized assets	680
Mortgage-backed assets	500
401(k)/457 assets managed	170
No. of portfolio managers	10
Size of research staff	2

Dewey Square Investors Corp. is an active equity, active bond, balanced short-term and mortgage-backed securities manager.

Its equity approach is bottom-up, and uses Graham & Dodd analysis. Its fixed-income approach employs sector analysis.

The asset mix Jan. 1 was 33% stocks, 39% bonds, 13% cash and 15% mortgage-backed securities.

The parent is United Asset Management Corp.

Peter M. Whitman Jr. is chief investment officer; Caroline R. Hovey is client contact.

Dietche & Field Advisers

437 Madison Ave., Floor 33, New
York, N.Y. 10022; (212) 752-2047

	($ millions)
Total assets managed	1,111
Total tax-exempt assets	978
Discretionary tax-exempt	978
No. of portfolio managers	4
Size of research staff	1

Dietche & Field Advisers Inc., an active equity manager, takes a bottom-up approach, and looks for low p/e stocks.

The asset mix Jan. 1 was 95% stocks and 5% cash.

Paul C. Dietche and Lincoln P. Field are chief investment officers; Greg S. Reid is client contact.

Dillon, Read International Asset Management

535 Madison Ave., New York, N.Y.
10022; (212) 906-7659

	($ millions)
Total assets managed	419
Total tax-exempt assets	248
Discretionary tax-exempt	248
International equity, active	220
International cash assets	28
No. of portfolio managers	4

Dillon, Read International Asset Management is an active international/global equity manager.

Its equity approach is top-down/bottom-up, looking at both low p/e stocks and growth.

The asset mix Jan. 1 was 89% stocks and 11% cash.

The parent is Dillon, Read & Co. Inc.

Robert Rawe is chief investment officer; David A. Dewey is client contact.

Dimensional Fund Advisors

1299 Ocean Ave., 11th Floor, Santa
Monica, Calif. 90401; (310)
395-8005

	($ millions)
Total assets managed	6,353
Total tax-exempt assets	5,800
Discretionary tax-exempt	5,800
Domestic equity, index	4,692
International equity, index	781
401(k)/457 assets managed	57
No. of portfolio managers	9

Dimensional Fund Advisors is an active domestic and international/global bond, passive domestic and international/global equity and short-term manager.

Its equity approach uses small-cap stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 86% stocks and 14% bonds.

Rex A. Sinquefield is chief investment officer; David G. Booth is client contact.

Discount Corp. of New York Advisers

58 Pine St., New York, N.Y. 10005;
(212) 248-8989

	($ millions)
Total assets managed	1,894
Total tax-exempt assets	1,894
Discretionary tax-exempt	1,894
No. of portfolio managers	5
Size of research staff	13

Discount Corp. of New York Advisers is an active domestic and international/global bond and short-term manager.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

Of the assets above, $310 million is managed in global futures and options.

The asset mix Jan. 1 was 90% bonds and 10% cash.

Patrick L. Alexander is chief investment officer; Patricia de Blank Kirk is client contact.

Dodge & Cox Inc.

1 Sansome St., 35th Floor, San
Francisco, Calif. 94104; (415)
981-1710

	($ millions)
Total assets managed	9,374
Total tax-exempt assets	7,860
Discretionary tax-exempt	7,860
401(k)/457 assets managed	100
No. of portfolio managers	12
Size of research staff	10

Dodge & Cox, Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and value-oriented, using Graham and Dodd analysis and low p/e stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 53% stocks, 43% bonds and 4% cash.

Harry R. Hagey is chief investment officer; Kenneth E. Olivier is client contact.

Dollins Symons Management Inc.

1409 Terrace Drive, Pittsburgh, Pa.
15228; (412) 344-3764

	($ millions)
Total assets managed	6
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	2

Dollins Symons Management Inc., an active equity and balanced manager, follows a quantitative equity approach that is bottom-up and low p/e-oriented.

The asset mix Jan. 1 was 96% stocks and 4% cash.

Charles C. Dollins is chief investment officer; Edward L. Symons Jr. is client contact.

25 largest GIC providers

Firm	$ mils.*
Prudential Asset	23,194
Principal Financial	19,008
Metropolitan Life	16,323
Aetna Life	11,055
John Hancock	10,102
New York Life	9,301
Provident Life	7,222
Equitable	6,700
Travelers	6,658
Continental Assurance	5,354
Massachusetts Mutual	5,012
Hartford Life	4,600
Allstate Life	3,876
State Mutual	3,292
Pacific Mutual	3,283
Confederation Life	2,916
Great-West Life	1,765
NWNL	1,500
CIGNA	1,359
Manulife Financial	1,300
Lincoln National	1,178
New England	976
Pan-American Life	972
Penn Mutual Life	917
Phoenix	612
Total	**148,475**

*Discretionary tax-exempt assets

Dominion Trust Co.

901 E. Cary St., Richmond, Va. 23260;
(804) 788-9657

	($ millions)
Total assets managed	894
Total tax-exempt assets	603
Discretionary tax-exempt	603
Mortgage assets	120
Mortgage-backed assets	60
401(k)/457 assets managed	100
No. of portfolio managers	4

Dominion Trust Co. is an active equity, balanced, relative value fixed-income and stable capital fund manager.

Its equity approach is bottom-up, fundamental, quantitative and low p/e oriented. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 30% stocks, 40% bonds, 20% mortgages and 10% mortgage-backed securities.

The parent is Dominion Bankshares.

Peter F. Dawyot is chief investment officer; Preston S. Smith is client contact.

Carl Domino Associates L.P.

580 Village Blvd., Suite 225, West
Palm Beach, Fla. 33409; (407)
697-2723

	($ millions)
Total assets managed	382
Total tax-exempt assets	276
Discretionary tax-exempt	276
No. of portfolio managers	5

Carl Domino Associates L.P. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and yield-based. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 80% stocks and 20% bonds.

Carl Domino is chief investment officer; Lawrence T. Barnett is client contact.

Dorsey & Co. Inc.

511 Gravier St., New Orleans, La.
70130; (504) 524-5431

	($ millions)
Total assets managed	67
Total tax-exempt assets	50
Discretionary tax-exempt	50
Mortgage-backed assets	2
401(k)/457 assets managed	1
No. of portfolio managers	3
Size of research staff	3

Dorsey & Co. Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up with an emphasis on growth. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 35% stocks, 50% bonds, 12% cash and 3% mortgage-backed securities.

Philip J. Dorsey is chief investment officer; Ronald Ellington is client contact.

Draper/Computime Asset Management

34 Deer Path, Quogue, N.Y. 11959;
(516) 653-9156

	($ millions)
Total assets managed	80
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	1

Draper/Computime Asset Management is an active and passive equity, TAA and enhanced index manager.

Its primary approach uses sector rotation and market timing.

All assets were in stocks Jan. 1.

Davin M. Levin is chief investment officer; James F. Draper is client contact.

Dreman Value Management

10 Exchange Place, Suite 2050,
Jersey City, N.J. 07302; (201)
434-0700

	($ millions)
Total assets managed	3,574
Total tax-exempt assets	2,745
Discretionary tax-exempt	2,745
No. of portfolio managers	15

Dreman Value Management is an active equity, active bond, balanced and low p/e, small-cap manager.

Its equity approach is bottom-up and value oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 91.7% stocks, 7.3% bonds and 1% cash.

David N. Dreman is chief investment officer; Lewis W. Parker and Murat H. Davidson Jr. are client contacts.

The Dreyfus Corp.

200 Park Ave., New York, N.Y. 10166;
(212) 922-6000

	($ millions)
Total:	
Internal	72,956
Assigned to other firms	4,219
Tax-exempt:	
Internal, discretionary	4,052
Assigned to other firms	4,052

The Dreyfus Corp. is an active and passive domestic equity, active and passive bond, balanced, real estate, active international/global equity, short-term, convertible and contrarian manager.

Howard Stein is chief investment officer; Diane M. Coffey is client contact.

- Dreyfus Management Inc. managed $1.384 billion in total and $1.326 billion in U.S., institutional, discretionary, tax-exempt assets of the parent company. It offers active equity, active bond, balanced, short-term and contrarian management.

Peter A. Santoriello is chief investment officer; Edward V. Arbaugh III is client contact.

- Dreyfus Service Corp.-Group Retirement Plans Division managed $2.3 billion in total and U.S., institutional, discretionary, tax-exempt assets of the parent company. It offers active and passive domestic equity, active and passive bond, active international/global equity, balanced, short-term and convertible management.

Elie M. Genadry is chief investment officer; Paul Allen is client contact.

- Dreyfus Realty Advisors Inc. managed $426 million in total and U.S., institutional, discretionary, tax-exempt assets of the parent company. It offers real estate management.

Francis X. Tansey is chief investment officer; Paul McEvoy Jr. is client contact.

Dreyfus Management Inc.

767 Fifth Ave., New York, N.Y. 10153;
(212) 715-6454

See entry for THE DREYFUS CORP.

Dreyfus Realty Advisors Inc.

1180 Avenue of the Americas, 18th
Floor, New York, N.Y. 10036; (212)
764-3210

See entry for THE DREYFUS CORP.

Dreyfus Service Corp.-Group Retirement Plans Division

200 Park Ave., 56th Floor, New York,
N.Y. 10166; (212) 922-6289

See entry for THE DREYFUS CORP.

Duff & Phelps Investment Management Co.

55 E. Monroe St., Chicago, Ill. 60603; (312) 368-5500

	($ millions)
Total assets managed	14,183
Total tax-exempt assets	14,183
Discretionary tax-exempt	14,183
Mortgage-backed securities	2,546
401(k)/457 assets managed	26
No. of portfolio managers	20
Size of research staff	91

Duff & Phelps Investment Management Co. is an active equity, active bond, balanced and short-term manager.

Its equity approach is yield-based, top-down and bottom-up, emphasizing low p/e.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 28% stocks, 54% bonds and 18% mortgage-backed securities.

The parent is Duff & Phelps Inc.

Robert D. Milne is chief investment officer; Donald W. Gingery is client contact.

Duncan-Hurst Capital Management

4365 Executive Drive, Suite 1520, San Diego, Calif. 92121; (619) 597-4800

	($ millions)
Total assets managed	736
Total tax-exempt assets	702
Discretionary tax-exempt	702
401(k)/457 assets managed	54
No. of portfolio managers	1
Size of research staff	2

Duncan-Hurst Capital Management is an active equity manager whose approach is top-down and bottom-up, emphasizing growth and emerging growth stocks.

The asset mix Jan. 1 was 100% stocks.

William H. Duncan Jr. is chief investment officer; Frank P. Hurst is client contact.

Dundee Partners Inc.

Park 80 West-Plaza Two, Suite 200, Saddle Brook, N.J. 07662; (201) 843-2250

	($ millions)
Total assets managed	72
Total tax-exempt assets	38
Discretionary tax-exempt	38
No. of portfolio managers	2

Dundee Partners Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down, emphasizing growth and using sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 90% stocks and 10% bonds.

William Hay is chief investment officer and client contact.

Dunedin Fund Managers Ltd.

Dunedin House, 25 Ravelston Terrace, Edinburgh EH4 3EX Scotland; 44-31-315-2500

	($ millions)
Total assets managed	5,085
Total tax-exempt assets	505
Discretionary tax-exempt	505
International equity, active	429
International bond, active	59
International cash assets	17
No. of portfolio managers	25
Size of research staff	5

Dunedin Fund Managers Ltd. is an active international/global equity and bond manager.

Its equity approach is quantitative, top-down and bottom up, emphasizing low p/e. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 85% stocks, 12% bonds and 3% cash.

Alan S. Kemp is chief investment officer; Douglas B. Waggoner is client contact at (514) 499-9348.

Dusco Inc.

100 Park Ave., New York, N.Y. 10017; (212) 972-4080

	($ millions)
Total assets managed	820
Total tax-exempt assets	400
Discretionary tax-exempt	400
Equity real estate assets	400
No. of portfolio managers	2
Size of research staff	4

Dusco Inc., a real estate manager, emphasizes growth.

The asset mix Jan. 1 was 100% equity real estate.

Paul B. Babik is chief investment officer; Barry D. Jones is client contact

Pensions & Investments welcomes news of personnel changes. Send items to:
Sabine Schramm
Pensions & Investments
740 Rush St.
Chicago, Ill. 60611
(312) 649-5407

E

Eads & Heald Investment Counsel

5770 Powers Ferry Road N.W., Suite 304, Atlanta, Ga. 30327; (404) 988-9556

	($ millions)
Total assets managed	49
Total tax-exempt assets	12
Discretionary tax-exempt	12
401(k)/457 assets managed	2
No. of portfolio managers	2
Size of research staff	1

Eads & Held Investment Counsel is an active equity and balanced manager.

Its equity approach is top-down using growth stocks. Its fixed-income approach emphasizes credit quality and income.

The asset mix Jan. 1 was 75% stocks, 20% bonds and 5% cash.

R. Stewart Eads is chief investment officer; Thomas Heald is client contact.

Eagle Asset Management

880 Carillon Parkway, St. Petersburg, Fla. 33716; (800) 237-3101

	($ millions)
Total assets managed	5,059
Total tax-exempt assets	3,356
Discretionary tax-exempt	3,356
No. of portfolio managers	6
Size of research staff	3

Eagle Asset Management, an active equity manager, takes a bottom-up approach emphasizing growth.

The asset mix Jan. 1 was 81% stocks, 4.3% bonds and 14.7% cash.

The parent is Raymond James Financial Inc.

Herbert E. Ehlers is chief investment officer; Lincoln Kinnicutt is client contact.

25 largest managers of active U.S. assets invested abroad

($ millions*)

Firm	Total	Equity	Bond	Cash
Capital Guardian	6,283	5,772	163	348
Brinson Partners	5,350	2,326	2,583	441
Baring International	4,950	2,886	2,064	0
Schroder Capital	4,829	4,684	145	0
Rowe Price-Fleming	4,313	3,880	258	175
J.P. Morgan	3,874	2,112	1,762	0
Grantham, Mayo, Van Otterloo	3,197	3,027	149	21
Nomura Capital	3,182	3,071	111	0
World Invest	2,711	555	1,199	957
Oechsle International	2,692	2,576	116	0
State Street Bank	2,639	2,639	0	0
Templeton International	2,534	2,478	56	0
Alliance Capital	2,441	2,206	235	0
Scudder, Stevens	2,350	1,550	750	50
Warburg Investment	2,179	721	1,458	0
Batterymarch Financial	2,140	2,074	0	66
Harris Investment	2,058	58	0	2,000
Prudential Asset	2,009	1,489	520	0
Wells Fargo Nikko	2,000	0	0	2,000
Putnam	1,876	194	1,682	0
Clay Finlay	1,866	1,801	5	60
Lazard Freres	1,600	1,600	0	0
Morgan Grenfell Investment	1,525	1,321	204	0
Kemper Asset	1,450	0	1,450	0
Fiduciary Trust	1,357	72	1,285	0
Total	**71,405**	**48,092**	**16,195**	**6,118**

*Discretionary, tax-exempt assets

Eagle Capital Management

530 Fifth Ave., New York, N.Y. 10036; (212) 768-0700

	($ millions)
Total assets managed	200
Total tax-exempt assets	53
Discretionary tax-exempt	53
No. of portfolio managers	2
Size of research staff	2

Eagle Capital Management Inc. is an active equity manager with a growth-oriented approach.

The asset mix Jan. 1 was 87% stocks and 13% cash.

Ravenel B. Curry III is chief investment officer; Joseph W. Griffin is client contact.

Eastbridge Capital Inc.

135 E. 57th St., New York, N.Y. 10022; (212) 756-7262

	($ millions)
Total assets managed	537
Total tax-exempt assets	412
Discretionary tax-exempt	412
Mortgage-backed assets	371
No. of portfolio managers	2
Size of research staff	2

Eastbridge Capital Inc. is an active fixed-income manager whose approach is hedged, using sector and yield curve analyses.

The asset mix Jan. 1 was 10% bonds and 90% mortgage-backed securities.

The parent is Nippon Credit Bank Ltd.

George Hawes is client contact.

Eastdil Realty Inc.

40 W. 57th St., New York, N.Y. 10019; (212) 315-7200

	($ millions)
Total assets managed	4,368
Total tax-exempt assets	448
Discretionary tax-exempt	345
Equity real estate assets	339
Mortgage assets	6
No. of portfolio managers	6
Size of research staff	2

Eastdil Realty Inc. is a real estate manager.

The asset mix Jan. 1 was 98% equity real estate and 2% mortgages.

Benjamin Lambert, Jonathan Weller and Steven Karpf are chief investment officers; Mr. Weller is client contact.

Eastover Capital Management Inc.

212 S. Tryon St., Charlotte, N.C. 28281; (704) 336-6818

	($ millions)
Total assets managed	71
Total tax-exempt assets	34
Discretionary tax-exempt	34
401(k)/457 assets managed	1
No. of portfolio managers	1
Size of research staff	1

Eastover Capital Management Inc. is an active equity, active fixed-income and balanced manager.

Its equity approach is top-down and bottom-up, using sector rotation. Its fixed-income approach is unhedged and uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 52% stocks and 48% bonds.

Robert L. Pharr is chief investment officer; Donald J. Toney is client contact.

Eaton Vance Management

24 Federal St., Boston, Mass. 02110; (617) 482-8260

	($ millions)
Total assets managed	10,035
Total tax-exempt assets	1,397
Discretionary tax-exempt	1,322
401(k)/457 plan assets	55
No. of portfolio managers	25
Size of research staff	21

Eaton Vance Management is an active equity, active bond, balanced, active international/global bond and short-term manager.

Its equity approach is bottom-up. Its fixed-income approach is based on convexity.

The asset mix Jan. 1 was 68% stocks, 25% bonds and 7% cash.

The parent is Eaton Vance Corp.

Peter F. Kiely is chief investment officer; James M. Frost is client contact.

Real estate directory: Aug. 31

Edgecombe Group Inc.

655 Bay St., Suite 1200, Toronto, Ontario M5G 2K4; (416) 351-2835

	($ millions)
Total assets managed	924
Total tax-exempt	191
Discretionary tax-exempt	191
For subsidiaries of U.S. firms	20
Equity real estate assets	191
No. of portfolio managers	5
Size of research staff	3

Edgecombe Group Inc., a Canadian firm, is a real estate manager.

All assets were in equity real estate Jan. 1.

The parent is North American Life Assurance Co.

Douglas Bryden is chief investment officer; Michael Walsh is client contact.

Edgewood Management Co.

675 Third Ave., New York, N.Y. 10017; (212) 687-7480

	($ millions)
Total assets managed	555
Total tax-exempt assets	43
Discretionary tax-exempt	43
International equity, active	1
No. of portfolio managers	4
Size of research staff	2

Edgewood Management Co. is an active equity, active fixed-income and balanced manager.

Its equity approach is bottom-up, emphasizing growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 54% stocks, 30% bonds and 16% cash.

William C. Breed III is chief investment officer and client contact.

Edinburgh-Wilmington International Capital Management

1100 N. Market St., Wilmington, Del. 19801; (302) 651-8036

	($ millions)
Total assets managed	93
Total tax-exempt assets	26
Discretionary tax-exempt	26
International equity, active	24
International cash	2
No. of portfolio managers	30

Edinburgh-Wilmington International Capital Management is an active international/global equity manager.

Its equity approach is top-down and bottom-up, emphasizing growth, emerging growth and small-cap stocks.

The asset mix Jan. 1 was 94% stocks, 6% cash.

The parents are Edinburgh Fund Managers and Wilmington Trust Co.

Iain Watt is chief investment officer; Gloria E. Carlson is client contact.

Peter Ehrlich Associates Inc.

P.O. Box 496, 25 Griffin Ave., Bedford Hills, N.Y. 10507; (914) 241-0315

	($ millions)
Total assets managed	85
Total tax-exempt assets	30
Discretionary tax-exempt	30
International equity, active	5
No. of portfolio managers	2
Size of research staff	2

Peter Ehrlich Associates Inc. is an active equity, active fixed-income and balanced manager.

Its equity approach is bottom-up, focusing on growth stocks.

The asset mix Jan. 1 was 70% stocks, 23% bonds and 7% cash.

Peter R. Elwich is chief investment officer; Robert L. Meyer is client contact.

Eickhoff, Pieper & Willoughby Inc.

111 Madison St., Suite 1550, Tampa, Fla. 33602; (813) 229-2180

	($ millions)
Total assets managed	147
Total tax-exempt assets	106
Discretionary tax-exempt	106
401(k)/457 assets managed	1
No. of portfolio managers	4
Size of research staff	4

Eickhoff, Pieper & Willoughby Inc. is an active equity, active and passive fixed-income, balanced, short-term and GIC manager.

Its equity approach is bottom-up and value oriented. Its active fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 26% stocks, 20% bonds, 5% cash and 49% GICs.

William A. Eickhoff is client contact.

1838 Investment Advisors

5 Radnor Corporate Center, Suite 320, 100 Matsonford Road, Radnor, Pa. 19426-4571; (215) 293-4300

	($ millions)
Total assets managed	3,687
Total tax-exempt assets	2,010
Discretionary tax-exempt	2,010
401(k)/457 assets managed	412
No. of portfolio managers	13

1838 Investment Advisors L.P. is an active equity, active bond, balanced and short-term manager.

Its equity approach emphasizes low p/es.

The asset mix Jan. 1 was 35% stocks, 55% bonds and 10% cash.

W. Thacher Brown is chief investment officer; John Springrose is client contact.

Elliott & Page

120 Adelaide St. W., Suite 1120, Toronto, Ontario M5H 1V1; (416) 365-8310

	($ millions)
Total assets managed	4,830
Total tax-exempt	847
Discretionary tax-exempt	847
Mortgage assets	322
No. of portfolio managers	5

Elliott & Page, a Canadian firm, is an active equity, active bond, balanced, short-term and immunized bond manager.

Its equity approach is top-down and uses sector rotation. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 11% Canadian stocks, 1% U.S. stocks, 39% bonds, 11% cash and 38% mortgages.

The parent is North American Life Assurance.

Morton Patrontasch is chief investment officer; David Mather is client contact.

Emerging Markets Management/Emerging Markets Investors Corp.

2000 K St. N.W., Suite 400, Washington, D.C. 20006; (202) 785-4100

	($ millions)
Total assets managed	730
Total tax-exempt assets	500
Discretionary tax-exempt	500
International equity, active	100
No. of portfolio managers	1
Size of research staff	6

Emerging Markets Management/Emerging Markets Investors Corp. is an active domestic and international/global equity manager.

Its equity approach is top-down, quantitative and value-oriented. Growth and emerging growth stocks are sought.

The asset mix Jan. 1 was 100% stocks.

Antoine W. van Agtmael is chief investment officer; Yvonne Wise is client contact.

EMG Advisors Inc.

57 Unquowa Road, Fairfield, Conn. 06430; (203) 255-5701

	($ millions)
Total assets managed	103
Total tax-exempt assets	93
Discretionary tax-exempt	93
Mortgage-backed assets	86
401(k)/457 assets managed	2
No. of portfolio managers	1
Size of research staff	1

EMG Advisors Inc., an active bond manager, uses interest rate anticipation, yield curve analysis and sector rotation.

The asset mix Jan. 1 was 5% cash, 92% mortgage-backed securities and 3% U.S. Treasuries.

William H. Hatch III is chief investment officer and client contact.

Roger Engemann & Associates Inc.

600 N. Rosemead Blvd., Pasadena, Calif. 91107; (818) 351-9686

	($ millions)
Total assets managed	2,463
Total tax-exempt assets	711
Discretionary tax-exempt	711
401(k)/457 assets managed	200
No. of portfolio managers	4
Size of research staff	4

Roger Engemann & Associates Inc., an active equity manager, uses a bottom-up approach stressing growth.

The asset mix Jan. 1 was 90% stocks, 10% cash.

Roger Engemann is chief investment officer; James C. Kemp is client contact.

Enhanced Investment Technologies Inc.

1 Palmer Square, Suite 303, Princeton, N.J. 08540; (609) 497-0443

	($ millions)
Total assets managed	969
Total tax-exempt assets	881
Discretionary tax-exempt	881
No. of portfolio managers	1
Size of research staff	1

Enhanced Investment Technologies Inc. is an active equity manager whose approach is bottom-up and mathematical.

The asset mix Jan. 1 was 100% stocks.

The parent is Prudential Insurance Co.

E. Robert Fernholz is chief investment officer; Robert A. Carvy is client contact.

Equitable Capital Management Corp.

1285 Avenue of the Americas, New York, N.Y. 10019; (212) 382-8103

	($ millions)
Total assets managed	36,050
Total tax-exempt assets	25,550
Discretionary tax-exempt	25,536
Equity real estate assets	72
Domestic equity, index	30
Mortgage-backed assets	1,622
International equity, active	47
401(k)/457 assets managed	1,300
No. of portfolio managers	29
Size of research staff	15

Equitable Capital Management Corp. is an active and passive equity, active and passive bond, balanced, real estate, active international/global equity, short-term, TAA, venture capital, convertible and direct placements manager.

Its equity approach is bottom-up, emphasizing growth and emerging growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 31% stocks, 26% bonds, 7% cash, 7% mortgage-backed securities and 29% direct placements.

The parent is Equitable Life Assurance Society of the United States.

John Miller is chief investment officer; Joseph Briggs is client contact.

Foreign stock exchanges will be highlighted in the Sept. 14 issue.

Equitable Real Estate Investment Management

787 Seventh Ave., Area 46K, New
York, N.Y. 10019; (212) 554-3548

	($ millions)
Total assets managed	35,725
Total tax-exempt assets	18,114
Discretionary tax-exempt	18,114
Equity real estate assets	13,554
Mortgage assets	4,425
401(k)/457 assets managed	20
No. of portfolio managers	14
Size of research staff	5

Equitable Real Estate Investment Management Inc. is a real estate and mortgage manager.

The asset mix Jan. 1 was 76.5% equity real estate and 23.5% mortgages.

The parent is Equitable Life Assurance Society of the United States.

The statistics above include the assets of Equitable Agri-Business Inc.

George R. Puskar is chief investment officer; Paul J. Dolinoy is client contact.

Equity Investment Corp.

5180 Roswell Road, Suite 203-South,
Atlanta, Ga. 30342; (404) 250-9565

	($ millions)
Total assets managed	49
Total tax-exempt assets	27
Discretionary tax-exempt	27
No. of portfolio managers	1

Equity Investment Corp. is an active equity and balanced manager.

Its equity approach is bottom-up and value oriented. Its fixed-income approach is passive.

The asset mix Jan. 1 was 100% stocks.

James F. Barksdale is chief investment officer and client contact.

Equus Capital Management

2929 Allen Parkway, Suite 2500,
Houston, Texas 77019; (713)
529-0900

	($ millions)
Total assets managed	65
Total tax-exempt assets	30
Discretionary tax-exempt	30
401(k)/457 assets managed	5
No. of portfolio managers	3

Equus Capital Management Corp. is an active equity, active fixed-income, short-term, venture capital and private-company equity manager.

Its equity approach is bottom-up, using low p/e stocks, private-company equities and venture capital. Its fixed-income approach also is private company oriented.

The asset mix Jan. 1 was 10% stocks and 90% private company equity or equity-oriented debt securities.

Statistics above include Equus Capital Corp., a subsidiary.

Nolan Lehmann is chief investment officer and client contact.

Essex Investment Management Co. Inc.

10 Post Office Square, Suite 1330,
Boston, Mass. 02109; (617)
482-4870

	($ millions)
Total assets managed	2,100
Total tax-exempt assets	1,100
Discretionary tax-exempt	1,100
401(k)/457 assets managed	505
No. of portfolio managers	5
Size of research staff	7

Essex Investment Management Co. Inc. is an active equity, active fixed-income, balanced and hedge manager.

Its equity approach is research-driven and seeks growth and emerging growth stocks. Its fixed-income approach, also research-driven, uses sector analysis.

The asset mix Jan. 1 was 84% stocks, 5% bonds and 11% cash.

Joe C. McNay is chief investment officer; Jill M. Inches is client contact.

Estabrook Capital Management Inc.

430 Park Ave., New York, N.Y. 10022;
(212) 319-4343

	($ millions)
Total assets managed	820
Total tax-exempt assets	600
Discretionary tax-exempt	600
401(k)/457 assets managed	6
No. of portfolio managers	7

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Estabrook Capital Management Inc. is an active equity, active fixed-income, balanced and convertible manager.

Its equity approach is top-down, emphasizing growth, emerging growth and low p/e stocks.

Charles T. Foley is chief investment officer; William C. Petty III is client contact.

Evans & Moxon Capital Management Inc.

33 S. Delaware Ave., Yardley, Pa.
19067; (215) 493-0500

	($ millions)
Total assets managed	103
Total tax-exempt assets	85
Discretionary tax-exempt	85
No. of portfolio managers	3

Evans & Moxon Capital Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, emphasizing growth and using sector rotation. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 58% stocks, 32% bonds and 10% cash.

John Moxon is chief investment officer and client contact.

Eveans, Bash, Magrino & Klein Inc.

7007 College Blvd., Suite 330,
Overland Park, Kan. 66211; (913)
345-9889

	($ millions)
Total assets managed	500
Total tax-exempt assets	400
Discretionary tax-exempt	400
Mortgage-backed assets	31
401(k)/457 assets managed	20
No. of portfolio managers	3

Eveans, Bash, Magrino & Klein Inc. is an active equity, active fixed-income, balanced and short-term manager.

Its equity approach is bottom-up, quantitative and low p/e and growth oriented. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 25% stocks, 64% bonds, 5% cash and 6% mortgage-backed securities.

Mark Eveans is chief investment officer; Thomas J. Bash is client contact.

Evergreen Asset Management Inc.

1301 Fifth Ave., Suite 3634, Seattle,
Wash. 98101; (206) 224-9914

	($ millions)
Total assets managed	65
Total tax-exempt assets	65
Discretionary tax-exempt	65
No. of portfolio managers	2

Evergreen Asset Management Inc. is an active equity, active bond and short-term manager.

Its equity approach is top-down and growth oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 16% stocks, 52% bonds and 32% cash.

Elana Russell is chief investment officer and client contact.

EverGreen Capital Management

10250 Regency Circle, Suite 200,
Omaha, Neb. 68114; (402)
392-7834

	($ millions)
Total assets managed	29
Total tax-exempt assets	27
Discretionary tax-exempt	27
No. of portfolio managers	1

EverGreen Capital Management is an active equity and active bond manager.

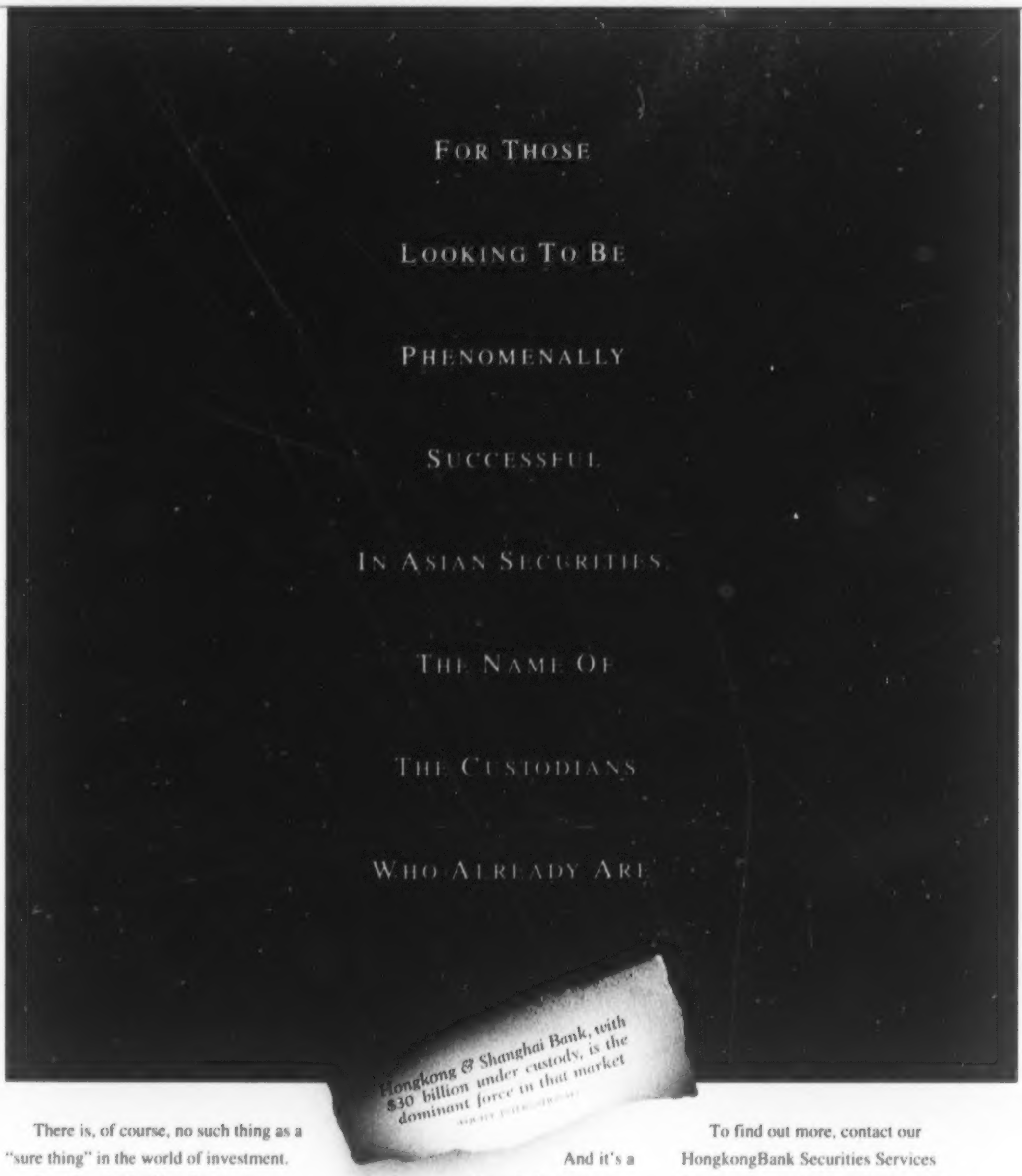
Its equity approach is bottom-up and value oriented, using low p/e stocks and Graham & Dodd analysis.

The asset mix Jan. 1 was 98% stocks and 2% bonds.

Michael [illegible]. Green is chief investment officer; Mary H. Jochim is client contact.

Ewing Capital Inc.

727 15th St. N.W., Seventh Floor,
Washington, D.C. 20005; (202)
737-1500



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D7982

	($ millions)
Total assets managed	19
Total tax-exempt assets	17
Discretionary tax-exempt	17
No. of portfolio managers	2
Size of research staff	3

Ewing Capital Inc. is an active equity and balanced manager.

Its equity approach is top-down, seeking growth stocks.

The asset mix Jan. 1 was 60% stocks and 40% cash.

Samuel D. Ewing Jr. is chief investment officer and client contact.

Excalibur Management Corp.

121 High St., Boston, Mass. 02110;
(617) 451-6707

	($ millions)
Total assets managed	215
Total tax-exempt assets	61
Discretionary tax-exempt	61
No. of portfolio managers	4
Size of research staff	2

Excalibur Management Corp. is an active equity, active fixed-income, balanced and short-term manager.

Its equity approach is top-down and growth oriented. Its fixed-approach uses interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

Michael A. Delduchetto is chief investment officer; Timothy F. Lenicheck is client contact.

Executive Investment Advisors Inc.

501 Office Center Drive, Suite 400,
Fort Washington, Pa. 19034; (215)
628-8800

	($millions)
Total assets managed	144
Total tax-exempt assets	77
Discretionary tax-exempt	77
No. of portfolio managers	2

Executive Investment Advisors Inc. is an active equity, active domestic and international/global bond, balanced and convertible manager.

Its equity approach uses Graham & Dodd analysis. In fixed-income, it uses sector and yield curve analyses.

The asset mix Jan. 1 was 30% stocks and 70% bonds.

Tarey R. Gabriele is chief investment officer; Gail Fischer is client contact.

F

Florence Fearrington Inc.

90 Broad St., New York, N.Y. 10004;
(212) 480-9020

	($ millions)
Total assets managed	177
Total tax-exempt assets	45
Discretionary tax-exempt	45
International equity, active	4
No. of portfolio managers	2
Size of research staff	2

Florence Fearrington Inc. is an active domestic and international equity, balanced and convertibles manager.

Its equity approach is bottom-up and low p/e oriented.

The asset mix Jan. 1 was 74% stocks, 15.4% bonds and 10.6% cash.

Florence Fearrington is chief investment officer and client contact.

Federated Investment Counseling

Federated Investors Tower,
Pittsburgh, Pa. 15222-3779; (412)
288-6642

	($ millions)
Total assets managed	1,210
Total tax-exempt assets	912
Discretionary tax-exempt	912
401(k)/457 assets managed	145
No. of portfolio managers	6

Federated Investment Counseling is an active equity, active bond, balanced, short-term and high-yield corporate bond manager.

Its equity approach is bottom-up with a low p/e orientation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 35% stocks, 57% bonds and 8% cash.

The parent is Federated Investors.

Henry J. Gailliot is chief investment officer; James H. O'Leary is client contact.

Fenimore Asset Management Inc.

P.O. Box 310, Cobleskill, N.Y. 12043;
(518) 234-4393

	($ millions)
Total assets managed	100
Total tax-exempt assets	41
Discretionary tax-exempt	41
No. of portfolio managers	2
Size of research staff	1

Fenimore Asset Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up and value-oriented, emphasizing low p/e and Graham & Dodd analysis. Its fixed-income approach uses short-term, high-quality corporate instruments.

The asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Thomas O. Putnam and Diane C. Van Buren are chief investment officers; George B. Chelius is client contact.

Ferguson Investment Consultants Inc.

528 Bellwood Ave., North Tarrytown,
N.Y. 10591; (914) 631-7188

	($ millions)
Total assets managed	10
Total tax-exempt assets	2
Discretionary tax-exempt	2
No. of portfolio managers	1

Ferguson Investment Consultants Inc. is an active equity, active fixed-income and balanced manager.

Its equity approach is top-down, bottom-up; it is value-oriented and yield-based, and seeks growth

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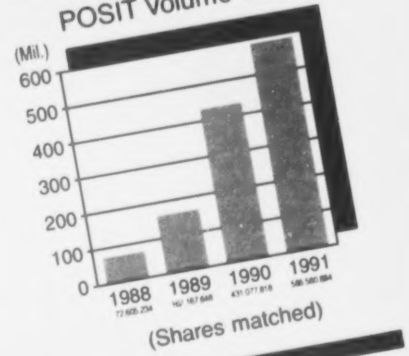

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INVESTMENT TECHNOLOGY GROUP, INC.
650 Fifth Avenue
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New York, N.Y. 10019

and emerging growth stocks. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 23% stocks, 58% bonds and 19% cash.

Douglas E. Ferguson is chief investment officer and client contact.

Ferguson, Wellman, Rudd, Purdy & Van Winkle Inc.

888 S.W. Fifth St., Suite 1200,
Portland, Ore. 97204; (503)
226-1444

	($ millions)
Total assets managed	730
Total tax-exempt assets	530
Discretionary tax-exempt	530
401(k)/457 assets managed	1
No. of portfolio managers	8

Ferguson, Wellman, Rudd, Purdy & Van Winkle Inc. is an active equity, active fixed-income, balanced and short-term manager.

Its equity approach is top-down and based on Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 53% stocks, 46% bonds and 1% cash.

James H. Rudd and L. Wayne Purdy are chief investment officers; Steven J. Holwerda is client contact.

FFCA Institutional Advisors

17207 N. Perimeter Drive, Scottsdale,
Ariz. 85255; (800) 528-1197

	($ millions)
Total assets managed	1,143
Total tax-exempt assets	211
Discretionary tax-exempt	211
Mortgage assets	211
401(k)/457 assets managed	16
No. of portfolio managers	9
Size of research staff	3

FFCA Institutional Advisors Inc. is a real estate manager.

The asset mix Jan. 1 was 100% hybrid debt.

Robin L. Roach is chief investment officer; Thomas K. Crawford is client contact.

Fidelity Institutional Retirement Systems

82 Devonshire St., Boston, Mass.
02109; (617) 570-6161

See entry for FIDELITY INVESTMENTS.

Fidelity Investments

82 Devonshire St., Boston, Mass.
02109; (617) 570-5970

	($ millions)
Total assets managed	157,336
Total tax-exempt assets	42,700
Discretionary tax-exempt	42,700
Equity real estate assets	5
Domestic equity, index	908
Domestic bond, index	26
Dedicated/immunized assets	150
Mortgage-backed assets	157
International equity, active	806
International bond, active	33
401(k)/457 assets managed	24,340

Fidelity Investments offers active and passive equity and fixed-income, balanced and short-term management.

Edward C. Johnson 3rd is chief executive officer.

The assets of the following subsidiaries are included in the above data.

- Fidelity Management Trust Co. manages $12.252 billion in total assets and $10.8 billion in U.S., institutional, discretionary, tax-exempt assets.

The firm offers equity, fixed-income, international, global and balanced management. Seven equity styles are offered: income-managed; earnings growth; select broad market; select small capitalization; select international; special equity; and balanced. Four fixed-income styles are offered: dynamic maturity allocation; targeted active management; high yield bond; and distressed bond.

Alexander Webb III is president; Eugene Waldron Jr. is client contact.

- Fidelity Institutional Retirement Systems managed $27.5 billion in U.S., institutional, discretionary, tax-exempt assets.

Investment management, record keeping and employee communications services are offered for corporate defined contribution clients.

Robert Reynolds is president; Eugene Waldron Jr. and Edward J. Lavelle are client contacts.

- Fidelity Investments Tax-Exempt Services Co. manages $4.4 billion in U.S., institutional, discretionary, tax-exempt assets.

Retirement and asset management services are provided for non-profit institutions.

Richard Malconian is president; Tom Bieniek is client contact.

Fidelity Investments Tax-Exempt Services

82 Devonshire St., Boston, Mass.
02109; (617) 330-2425

See entry for FIDELITY INVESTMENTS.

Fidelity Management Trust

82 Devonshire St., Boston, Mass.
02109; (617) 570-6161

See entry for FIDELITY INVESTMENTS.

Fiduciary Capital Management Inc.

51 Sherman Hill Road, P.O. Box 893,
Woodbury, Conn. 06798; (203)
266-0440

	($ millions)
Total assets managed	1,500
Total tax-exempt assets	490
Discretionary tax-exempt	490
401(k)/457 assets managed	490
No. of portfolio managers	4
Size of research staff	2

Fiduciary Capital Management Inc., a GIC/BIC manager, focuses on high quality, and uses maturity ladders, dollar cost averaging and duration shifts.

The asset mix Jan. 1 was 3% cash and 97% GICs/BICs.

Peter E. Bowles is chief investment officer; Kevin J. Sullivan is client contact.

Fiduciary Management Associates

55 W. Monroe St., Suite 2550,
Chicago, Ill. 60603; (312) 930-6850

	($ millions)
Total assets managed	1,400
Total tax-exempt assets	1,288
Discretionary tax-exempt	1,288
No. of portfolio managers	7

Fiduciary Management Associates is an active equity, active bond and balanced manager.

Its equity approach is top-down, using sector rotation. Its fixed-income approach uses interest rate anticipation and business cycle analysis.

The asset mix Jan. 1 was 59% stocks, 34% bonds and 7% cash.

The parent is United Asset Management.

Philip E. Arnold and Robert F. Carr III are chief investment officers; Nancy E. Diggins is client contact.

Fiduciary Management Inc. of Milwaukee

225 E. Mason St., Milwaukee, Wis.
53202; (414) 226-4545

	($ millions)
Total assets managed	566
Total tax-exempt assets	412
Discretionary tax-exempt	412
401(k)/457 assets managed	14
No. of portfolio managers	4
Size of research staff	2

Fiduciary Management Inc. of Milwaukee is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using both growth and value. The fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 65% stocks, 20% bonds and 15% cash.

Ted D. Kellner is chief investment officer; Gary G. Wagner is client contact.

Fiduciary Trust Co. International

2 World Trade Center, New York, N.Y.
10048; (212) 466-4100

	($ millions)
Total assets managed	12,689
Total tax-exempt assets	6,454
Discretionary tax-exempt	6,454
Domestic bond, index	344
International equity, active	72
International bond, active	1,285
401(k)/457 assets managed	100
No. of portfolio managers	33
Size of research staff	9

Fiduciary Trust Co. International is an active domestic and international equity, active domestic and international bond, passive bond, balanced, real estate, short-term and convertibles manager.

Its equity approach is top-down and bottom-up, seeking growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 64% bonds and 6% cash.

Jeremy H. Biggs is chief investment officer; Catherine K. Janson is client contact.

25 largest managers of dedicated/immunized assets

Firm	$ mils.*
J.P. Morgan	9,324
Prudential Fixed-Income	8,783
Metropolitan Life	7,220
Bankers Trust	6,068
Jennison	3,584
CIGNA Investments	3,120
State Mutual	2,420
Mellon Bond	1,935
State Street Research	1,481
UBS Asset	1,360
Lincoln Capital	1,162
BEA Associates	1,138
First Wisconsin Asset	1,000
Aon Advisors	954
Mississippi Valley	950
Putnam	818
Mitchell Hutchins	812
Wright Investors	751
Mellon Capital	719
McGlinn Capital	687
Dewey Square	680
Harris Investment	650
Minton Investment	526
Goldman Sachs	524
PanAgora	497
Total	**57,163**

*Discretionary tax-exempt assets

Fielding Management Co.

70 Linden Oaks, Rochester, N.Y.
14625; (716) 383-1300

	($ millions)
Total assets managed	590
Total tax-exempt assets	50
Discretionary tax-exempt	50
Mortgage assets	0.5
Mortgage-backed assets	4
No. of portfolio managers	3
Size of research staff	2

Fielding Management Co. Inc. is an active bond, balanced and convertible manager.

Its equity approach uses Graham & Dodd principles and looks at growth. Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 4% stocks, 85% bonds, 2% cash, 1% mortgages and 8% mortgage-backed securities.

Ronald H. Fielding is chief investment officer; Michael Rochester is client contact.

Fifth Third Bank

38 Fountain Square, Cincinnati, Ohio
45263; (513) 579-5332

	($millions)
Total assets managed	6,200
Total tax-exempt assets	2,100
Discretionary tax-exempt	2,100
Equity real estate assets	21
Mortgage-backed assets	21
International equity, active	10
401(k)/457 plan assets	90
No. of portfolio managers	13
Size of research staff	7

Fifth Third Bank is an active equity, active and passive bond, balanced, real estate, short-term and convertibles manager.

Its equity approach is bottom-up, with emphasis on growth, emerging growth, low p/e, Graham & Dodd and dividend growth stocks.

Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 55% stocks, 38% bonds, 5% cash, 1% equity real estate and 1% mortgage-backed securities.

The parent is Fifth Third Bancorp.

Marilyn Osborn is chief investment officer; John Schmitz is client contact.

Financial Counselors Inc.

700 W. 47th, Suite 500, Kansas City,
Mo. 64112; (816) 751-5200

	($ millions)
Total assets managed	1,023
Total tax-exempt assets	914
Discretionary tax-exempt	914
Domestic equity, index	60
Domestic bond, index	30
Mortgage-backed assets	10
No. of portfolio managers	4

Financial Counselors Inc. is an active equity, active bond and balanced manager.

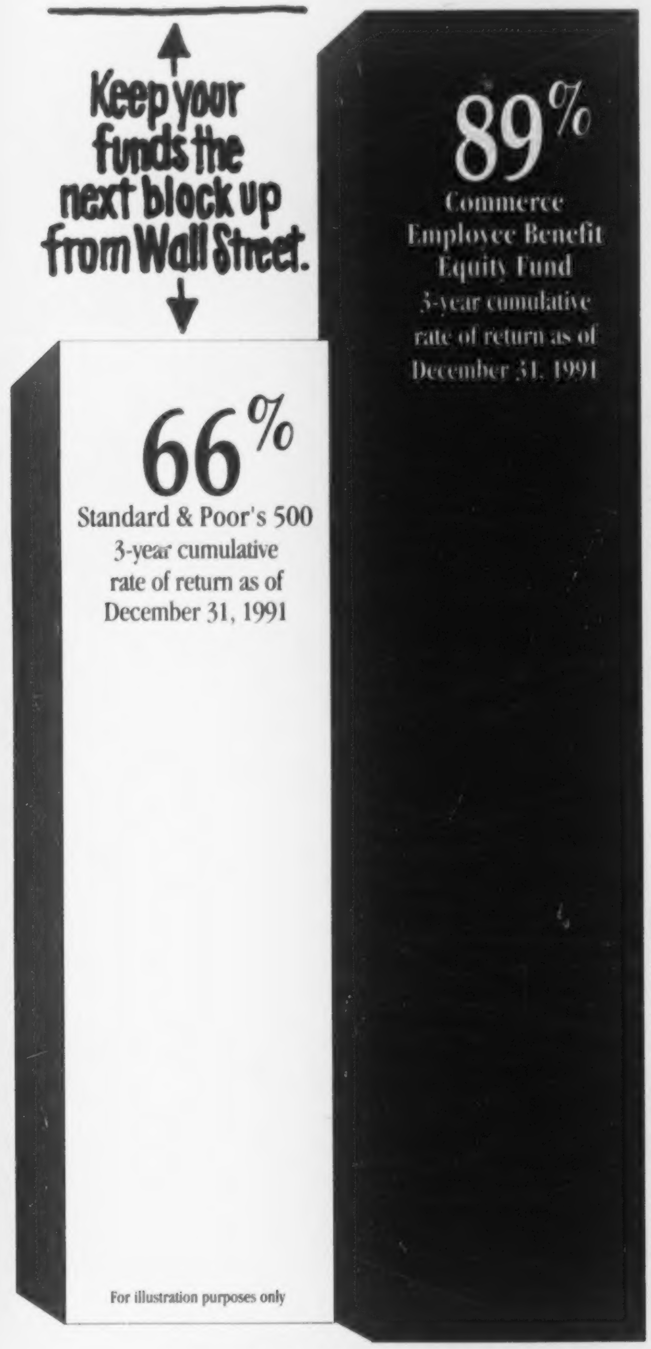
Its equity approach is quantitative, focusing on low p/es. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 25% stocks, 72% bonds and 3% cash.

The parent is Kidder, Peabody & Co. Inc.

Graham T. Hunt is chief investment officer; Michael D. Fisher is client contact.

The global custody and master trust directory issue is Oct. 12.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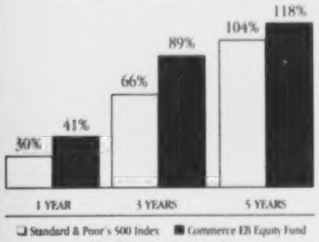

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923858-1

Fine Capital Management Group Inc.

2000 Glades Road, Boca Raton, Fla.
33431; (407) 393-9700

	($ millions)
Total assets managed	31
Total tax-exempt assets	31
Discretionary tax-exempt	31
No. of portfolio managers	1
Size of research staff	2

Fine Capital Management Group, Inc. is an active equity and balanced manager.

Its equity approach is bottom-up stressing growth. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 25% bonds and 15% cash.

Norman D. Fine is chief investment officer and client contact.

First Asset Management

200 S. Sixth St., First Bank Place,
Minneapolis, Minn. 55480; (612)
370-4711

	($ millions)
Total assets managed	5,200
Total tax-exempt assets	4,500
Discretionary tax-exempt	4,500
Equity real estate assets	78
Mortgage assets	481
Domestic equity, index	149
Dedicated/immunized assets	150
401(k)/457 plan assets	180
No. of portfolio managers	8
Size of research staff	2

First Asset Management is an active equity, active bond, balanced, real estate, short-term, venture capital and equity index manager.

Its active equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 31% stocks, 19% bonds, 26% cash, 2% equity real estate, 11% mortgages and 11% other.

The parent is First Bank System.

John M. Murphy Jr. is chief investment officer; Leslie K. Black is client contact.

First Austin Capital Management Inc.

1000 Westbank Drive, Suite 68,
Austin, Texas 78746; (512)
328-9321

	($ millions)
Total assets managed	11
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	2

First Austin Capital Management Inc. is an active equity, balanced and TAA manager.

Its equity approach is bottom-up and value-oriented, using low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

Mark A. Coffelt is chief investment officer; Guy D. Coffelt is client contact.

First Boston Asset Management Corp.

12 E. 49th St., 30th Floor, Tower 49,
New York, N.Y. 10017; (212)
909-4406

	($ millions)
Total assets managed	12,200
Total tax-exempt assets	685
Discretionary tax-exempt	660
Mortgage-backed assets	265
401(k)/457 plan assets	90
No. of portfolio managers	6
Size of research staff	5

First Boston Asset Management Corp. is an active domestic equity and bond, balanced, active international/global equity and bond, short-term and convertible manager.

Its equity approach is bottom-up, using low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 4% stocks, 47% bonds, 9% cash and 40% mortgage-backed securities.

The firm manages $20 million in U.S. discretionary tax-exempt assets in options hedging programs. All of the underlying assets are managed internally.

The parent is CS First Boston.

Edward N. McMillan is chief investment officer and client contact.

First Capital Advisers Inc.

399 Park Ave., 23rd Floor, New York,
N.Y. 10022; (212) 750-3700

	($ millions)
Total assets managed	233
Total tax-exempt assets	229
Discretionary tax-exempt	229
Equity real estate assets	75
No. of portfolio managers	3
Size of research staff	12

First Capital Advisers Inc. is an active equity, active bond, balanced, real estate and venture capital manager.

Its equity approach is bottom-up, using Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 54% stocks, 7% bonds, 32% equity real estate and 7% venture capital.

Gerry Angulo is chief investment officer; Valerian Smith and Brian McDonald are client contacts.

First Capital Strategists

220 S. Duke St., York, Pa. 17403;
(717) 845-7646

	($ millions)
Overlay strategies managed	9,000
No. of portfolio managers	6

First Capital Strategists is short-term, enhanced index, convertibles and securities lending manager. All of its assets are managed in these programs; none of the assets are managed internally.

Keith H. Cunningham is chief investment officer; George Martello and John McCullum are client contacts.

First Coast Capital Management Inc.

7800 Belfort Parkway, Suite 120,
Jacksonville, Fla. 32256; (904)
296-6722

	($ millions)
Total assets managed	845
Total tax-exempt assets	119

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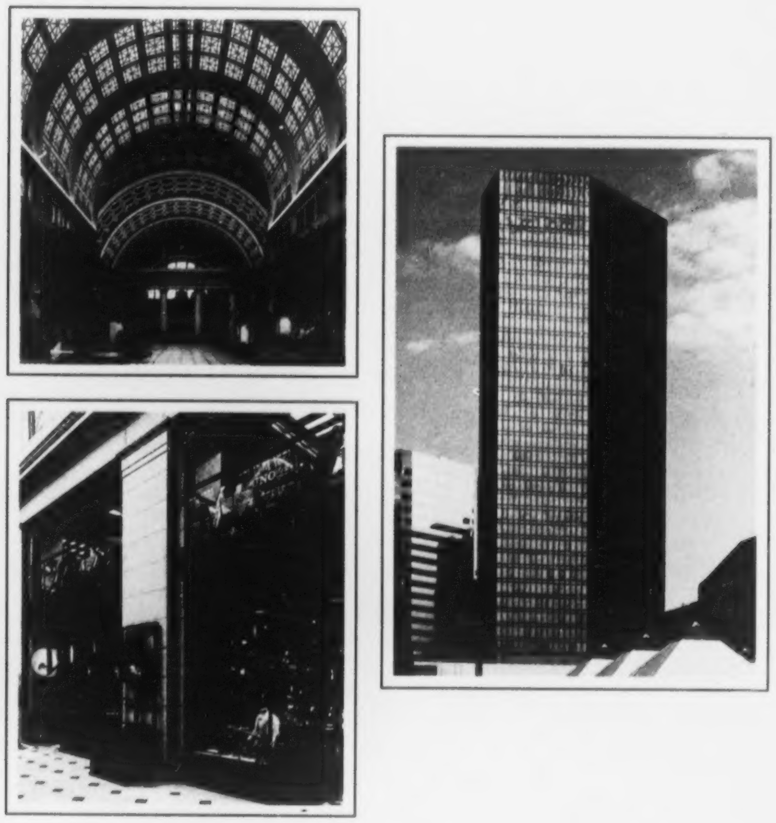

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Real Estate Advisory Services

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Discretionary tax-exempt	119
No. of portfolio managers	3
Size of research staff	1

First Coast Capital Management Inc. is an active and passive bond manager using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 90% bonds, 10% cash.

John D. Gwynn is chief investment officer; Richard H. DeLashmutt is client contact.

First Commercial Trust Co./First Commercial Capital Management

P.O. Box 1471, Little Rock, Ark.
72203; (501) 371-6756

	($ millions)
Total assets managed	4,023
Total tax-exempt assets	1,563
Discretionary tax-exempt	1,427
Domestic equity, index	2
Mortgage-backed assets	15
International equity, active	1
401(k)/457 assets managed	140
No. of portfolio managers	3

First Commercial Trust Co./First Commercial Capital Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, seeking growth stocks. Its fixed-income approach uses sector and yield curve analyses.

The parent is First Commercial Corp.

Mary Sue Jacobs is chief investment officer and client contact.

First Interstate Bank Ltd. Investment Management Division

707 Wilshire Blvd., Los Angeles, Calif.
90017; (213) 614-2103

	($ millions)
Total assets managed	7,100
Total tax-exempt assets	4,430
Discretionary tax-exempt	4,430
Equity real estate assets	18
Domestic equity, index	175
Domestic bond, index	133
International equity, index	11
Mortgage-backed assets	220
International equity, active	11
401(k)/457 assets managed	120
No. of portfolio managers	9
Size of research staff	6

First Interstate Bank Ltd. Investment Management Division is an active and passive equity, active and passive bond, balanced, real estate, active and passive international/global equity, short-term, TAA, enhanced index, venture capital and convertibles manager.

Its equity approach uses quantitative methods. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 18% stocks, 52% bonds, 24.5% cash, 0.5% equity real estate and 5% mortgage-backed securities.

The parent is First Interstate Bancorp.

Alan R. Adelman is chief investment officer; Deborah Dilley is client contact.

First Interstate Bank of Nevada N.A.-Trust Investments

3800 Howard Hughes Parkway, Suite
570, Las Vegas, Nev. 89109; (702)
791-6480

	($ millions)
Total assets managed	1,250
Total tax-exempt assets	150
Discretionary tax-exempt	150
No. of portfolio managers	7

First Interstate Bank of Nevada N.A. — Trust Investments is an active equity, active bond and balanced manager.

Its equity approach is top-down, using sector rotation. Its fixed-income approach uses laddered maturities.

The asset mix Jan. 1 was 55% stocks, 37% bonds and 8% cash.

The parent is First Interstate Bancorp.

Richard G. Horne is chief investment officer; Mark Dreschler is client contact.

First Interstate Bank of Washington

P.O. Box 21927, Seattle, Wash.
98111; (206) 292-3522

	($ millions)
Total assets managed	3,647
Total tax-exempt assets	1,559
Discretionary tax-exempt	1,559
401(k)/457 assets managed	238
No. of portfolio managers	9

First Interstate Bank of Washington N.A. is an active equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is bottom-up, using sector rotation and growth stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

The parent is First Interstate Bancorp.

J. Clark Reardon is chief investment officer; Lawrence T. Divers is client contact.

First Kentucky Trust Co.

101 S. Fifth St., Louisville, Ky.
40202-3101; (502) 581-4170

See entry for NATIONAL CITY CORP.

First Manhattan Capital Management

437 Madison Ave., New York, N.Y.
10022; (212) 756-3300

	($ millions)
Total assets managed	3,000
Total tax-exempt assets	2,830
Discretionary tax-exempt	2,680
401(k)/457 plan assets	300
No. of portfolio managers	7
Size of research staff	15

First Manhattan Capital Management, an active equity and balanced manager, takes a bottom-up approach, stressing low p/e and balance sheet quality.

The asset mix Jan. 1 was 90% stocks and 10% cash.

The parent is First Manhattan Co.

David S. Gottesman is chief investment officer; Gregory B. Densmore is client contact.

25 largest managers of domestic bond index funds

Firm	$ mils.*
Wells Fargo Nikko	26,396
Mellon Bond	7,985
Lincoln Capital	7,953
Mellon Capital	5,267
Prudential Fixed Income	4,949
T. Rowe Price	4,110
Bankers Trust	3,707
Hartford Life	2,882
PanAgora	2,654
Miller, Anderson	2,290
State Street Bank	2,257
First Wisconsin	2,000
Ryan Labs	1,688
Putnam	1,440
Benefit Capital	1,390
BEA Associates	1,311
ANB Investment	1,280
Lehman Ark	973
Security Capital	850
WR Lazard	824
Travelers	803
Mitchell Hutchins	635
Vanguard Group	551
UBS Asset	475
Northern Trust	444
Total	**85,114**

*Discretionary tax-exempt assets

First National Bank Dayton

Gem Plaza, 6 N. Main, Dayton, Ohio
45412; (513) 226-2000

See entry for NATIONAL CITY CORP.

First National Bank of Maryland

25 S. Charles St., Baltimore, Md.
21201; (410) 244-4323

	($ millions)
Total assets managed	2,421
Total tax-exempt assets	1,346
Discretionary tax-exempt	1,346
Mortgage-backed assets	498
401(k)/457 plan assets	60
No. of portfolio managers	8
Size of research staff	6

First National Bank of Maryland is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, emphasizing growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation, sector analysis and a yield tilt toward corporate and mortgage-backed securities.

The asset mix Jan. 1 was 16% stocks, 35% bonds, 12% cash and 37% mortgage-backed securities.

The parent is First Maryland Bancorp.

Jennifer W. Lambdin is chief investment officer; Dawson Richardson is client contact.

First National Bank of Omaha

1 First National Center, 16th and
Dodge Streets, Omaha, Neb. 68102;
(402) 341-0500

	($ millions)
Total assets managed	1,400
Total tax-exempt assets	900
Discretionary tax-exempt	900
No. of portfolio managers	7

First National Bank of Omaha is an active equity, active bond and balanced manager.

Its equity approach is bottom-up; Graham & Dodd analysis is used. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 45% stocks, 45% bonds and 10% cash.

Thomas Allan is chief investment officer; Milton Lackey is client contact.

First Pacific Advisors Inc.

10301 W. Pico Blvd., Los Angeles,
Calif. 90064; (310) 277-4900

	($ millions)
Total assets managed	3,049
Total tax-exempt assets	2,079
Discretionary tax-exempt	2,079
Mortgage-backed assets	180
No. of portfolio managers	4
Size of research staff	2

First Pacific Advisors Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing value. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 65% stocks, 6% bonds, 21% cash and 8% mortgage-backed securities.

The parent is United Asset Management Corp.

George H. Michaelis is chief investment officer; Lawrence P. McNeil and Daryl Ann Weber are client contacts.

First Quadrant Corp.

201 S. Lake Ave., Suite 607,
Pasadena, Calif. 91101; (818)
795-8220

	($ millions)
Total assets managed	10,505
Total tax-exempt assets	1,523
Discretionary tax-exempt	1,523
International equity, active	75
International TAA	327
401(k)/457 assets managed	60
No. of portfolio managers	10
Size of research staff	12

First Quadrant Corp. is an active equity, active bond, balanced, active international/global equity and bond, short-term and TAA manager.

The firm runs a tactical asset allocation overlay on $2.86 billion in U.S., institutional, discretionary assets, of which it manages $1.523 billion of the underlying assets.

The equity approach is quantitative, using enhanced index and sector rotation techniques.

The asset mix Jan. 1 was 72% stocks, 23% bonds and 5% cash.

The parent is Xerox Financial Services Inc.

Robert D. Arnott is chief investment officer; Mr. Arnott, Tim Meckel and Erin Keating are client contacts.

First Security Management

375 Park Ave., Suite 3303, New York,
N.Y. 10152; (212) 644-2511

	($ millions)
Total assets managed	91
Total tax-exempt assets	36
Discretionary tax-exempt	36

First Security Management Inc., an active equity and balanced manager, uses a bottom-up equity approach, emphasizing low p/es.

The asset mix Jan. 1 was 10% stocks, 90% cash.

Robert J. Denison is chief investment officer; Francine Sommer is client contact.

First Tennessee Investment Management Inc.

P.O. Box 84, Memphis, Tenn. 38101;
(901) 681-2480

	($millions)
Total assets managed	3,450
Total tax-exempt assets	1,786
Discretionary tax-exempt	1,786
Mortgage-backed assets	150
401(k)/457 plan assets	64
No. of portfolio managers	10
Size of research staff	4

First Tennessee Investment Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth, emerging growth, low p/e and sector rotation. Its fixed-income approach employs interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 50% stocks, 32% bonds, 10% cash and 8% mortgage-backed securities.

The parent is First Tennessee National Corp.

William V. Pruett is chief investment officer and client contact.

First Union National Bank

301 S. Tryon St., CMG-1165,
Charlotte, N.C. 28226; (704)
383-5410

	($ millions)
Total assets managed	33,200
Total tax-exempt assets	9,300
Discretionary tax-exempt	5,200
Equity real estate assets	4
Mortgage assets	1
401(k)/457 plan assets	2,800
No. of portfolio managers	53
Size of research staff	9

First Union National Bank is an active and passive equity, active bond, balanced and short-term manager.

Its equity approach stresses low p/e stocks.

Its fixed-income approach employs interest rate anticipation.

The asset mix Jan. 1 was 52% stocks, 23% bonds, 2% cash, 1% equity real estate and 23% other.

William Hackney is chief investment officer; Jack S. Courtney is client contact.

First Wisconsin Asset Management Inc.

777 E. Wisconsin Ave., Suite 1800,
Milwaukee, Wis. 53202; (414)
765-6966

	($ millions)
Total assets managed	7,750
Total tax-exempt assets	4,200
Discretionary tax-exempt	4,200
Domestic equity, index	140
Domestic bond, index	2,000
Dedicated/immunized assets	1,000
401(k)/457 assets managed	350
No. of portfolio managers	18

First Wisconsin Asset Management Inc. is an active and passive equity, active and passive bond, balanced, short-term and enhanced index manager.

Its active equity approach is bottom-up, stressing growth and emerging growth. Its fixed-income approach uses sector analysis and is always duration matched.

The asset mix Jan. 1 was 34% stocks, 38% bonds and 28% cash.

The parent is Firstar Corp.

J. Scott Harkness is chief investment officer; Michael J. Bills is client contact.

Fischer Francis Trees & Watts Inc.

717 Fifth Ave., New York, N.Y. 10022;
(212) 350-8000

	($ millions)
Total assets managed	19,080
Total tax-exempt assets	10,214
Discretionary tax-exempt	10,214
International bond, active	278
No. of portfolio managers	18

Fischer Francis Trees & Watts Inc. is an active domestic and international/global bond and short-term manager.

Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis. Both hedged and unhedged portfolios are offered.

The asset mix Jan. 1 was 100% fixed income.

S. Bruce Kauffman and Ceil Baron are client contacts.

Fisher Investments Inc.

301 Henrik Road, Woodside, Calif.
94062; (415) 851-3334

	($ millions)
Total assets managed	574
Total tax-exempt assets	507
Discretionary tax-exempt	507
401(k)/457 assets managed	17
Size of research staff	12

Fisher Investments Inc., an active equity manager, uses a bottom-up approach, focusing on low price/sales ratios and small-cap stocks.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Kenneth L. Fisher is chief investment officer; Joseph L. Toms is client contact.

25 largest managers of domestic equity index assets

Firm	$ mils.*
Wells Fargo Nikko	60,130
Bankers Trust	55,951
Mellon Capital	23,593
State Street Bank	19,175
ANB Investment	11,929
Alliance Capital	8,280
GE Investments	6,105
PanAgora	5,763
Dimensional Fund	4,692
Manufacturers Bank	4,245
Hartford Life	3,327
Vanguard Group	2,774
Northern Trust	2,216
Prudential Diversified	1,827
BEA Associates	1,746
PNC Financial	1,700
Pacific Investment	1,606
UBS Asset	1,420
Sears Investment	1,219
Travelers	1,127
Chancellor	1,032
Benefit Capital	960
Fidelity Investments	908
Metropolitan Life	862
ASB Capital	780
Total	**223,367**

*Discretionary tax-exempt assets

Fiske Capital Management

40 Grove St., P.O. Box 812096,
Wellesley, Mass. 02181-0013; (617)
237-0010

	($ millions)
Total assets managed	42
Total tax-exempt assets	33
Discretionary tax-exempt	33
No. of portfolio managers	2
Size of research staff	2

Fiske Capital Management Inc., an active equity and TAA manager, takes a top-down approach emphasizing growth and capital preservation.

The asset mix Jan. 1 was 80% stocks and 20% cash.

Edwin Fiske Thrall is chief investment officer; David Badeau is client contact.

Fleet Investment Advisors

100 Westminster St., Providence, R.I.
02903; (401) 278-3318

	($ millions)
Total assets managed	27,900
Total tax-exempt assets	16,799
Discretionary tax-exempt	14,442
401(k)/457 plan assets	1,591
No. of portfolio managers	100
Size of research staff	6

Fleet Investment Advisors Inc. is an active equity, active bond, balanced, active international/global equity, short-term and GIC manager.

The asset mix Jan. 1 was 53% stocks, 40% bonds and 7% cash.

The parent is Fleet/Norstar Financial Group Inc.

Harold A. Mackinney is chief investment officer; Marshall Raucci is client contact.

Flippin Bruce & Porter Inc.

800 Main St., P.O. Box 6138,
Lynchburg, Va. 24505; (804)
845-4900

	($ millions)
Total assets managed	396
Total tax-exempt assets	309
Discretionary tax-exempt	309
No. of portfolio managers	3
Size of research staff	1

Flippin Bruce & Porter Inc. is an active equity and balanced manager.

Its equity approach is bottom-up and contrarian, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and the barbell of quality.

The asset mix Jan. 1 was 84% stocks, 11% bonds and 5% cash.

John M. Flippin and John T. Bruce are chief investment officers; R.G. Porter is client contact.

Richard Fontaine & Associates

111 S. Calvert St., Baltimore, Md.
21202; (410) 385-1591

	($ millions)
Total assets managed	324
Total tax-exempt assets	236
Discretionary tax-exempt	236
No. of portfolio managers	1
Size of research staff	1

Richard Fontaine & Associates is an active and passive equity and TAA manager.

Its active equity approach is top-down and bottom-up, using low p/e, Graham & Dodd analysis, sector rotation, market timing and contrarian approaches.

The asset mix Jan. 1 was 35% stocks, 51% bonds and 14% cash.

Richard H. Fontaine is chief investment officer and client contact.

Forest Investment Associates

5605 Glenridge Drive, Suite 710,
Atlanta, Ga. 30342; (404) 847-0794

	($ millions)
Total assets managed	87
Total tax-exempt assets	61
Discretionary tax-exempt	61
Equity real estate assets	61
No. of portfolio managers	3
Size of research staff	2

Forest Investment Associates is a timberland manager.

The asset mix Jan. 1 was 100% timberland.

Charley Tarver is chief investment officer; Dick Doelling is client contact.

Forstmann-Leff Associates

55 E. 52nd St., 33rd Floor, New York,
N.Y. 10055; (212) 644-9888

	($ millions)
Total assets managed	3,488
Total tax-exempt assets	3,367
Discretionary tax-exempt	3,367
No. of portfolio managers	3
Size of research staff	9

Forstmann-Leff Associates Inc. is an active equity and balanced manager.

Its equity approach is top-down and bottom-up, using emerging growth stocks, sector rotation and market timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 84% stocks, 4% bonds and 12% cash.

William F. Harnisch is chief investment officer; Peter A. Lusk is client contact.

Fort Washington Investment Advisors Inc.

550 E. Fourth St., P.O. Box 2388,
Cincinnati, Ohio 45202; (513)
651-2900

	($ millions)
Total assets managed	47
Total tax-exempt assets	44

Discretionary tax-exempt	44
Mortgage-backed assets	5
No. of portfolio managers	2

Fort Washington Investment Advisors Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, focusing on growth and emerging growth stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses, emphasizing high quality and value.

The asset mix Jan. 1 was 33% stocks, 36% bonds, 19% cash and 12% mortgage-backed securities.

The parent is The Western and Southern Life Insurance Co.

E. James Roche and James B. McGuire are the client contacts.

Fox Asset Management Inc.

44 Sycamore Ave., Suite 3E, Little
Silver, N.J. 07739; (908) 747-6345

	($ millions)
Total assets managed	604
Total tax-exempt assets	484
Discretionary tax-exempt	451
International equity, active	53
International bond, active	18
401(k)/457 assets managed	25
No. of portfolio managers	7
Size of research staff	1

Fox Asset Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using low p/es. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 57% stocks, 41% bonds and 2% cash.

J. Peter Skirkanich is chief investment officer; W. Gavin Gilmor is client contact.

Foxhall Investment Management

815 Connecticut Ave. N.W., Suite 200,
Washington, D.C. 20006; (202)
872-6600

	($ millions)
Total assets managed	376
Total tax-exempt assets	176
Discretionary tax-exempt	175
Domestic equity, index	105
Domestic bond, index	70
401(k)/457 plan assets	34
No. of portfolio managers	7

Foxhall Investment Management is an active equity, active bond and balanced manager.

Its equity approach is top-down/bottom-up, using growth stocks and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 60% stocks and 40% bonds.

The parent is Thomson Advisory Group L.P.

John E. Montgomery is chief investment officer; Mr. Montgomery and Melanie E. Mays are client contacts.

Franklin Advisers Inc.

777 Mariners Island Blvd., San Mateo,
Calif. 94404; (800) 367-4331

	($ millions)
Total assets managed	61,032
Total tax-exempt assets	6,784
Discretionary tax-exempt	6,784
Mortgage-backed assets	6,072
International bond, active	407
401(k)/457 assets managed	274
No. of portfolio managers	11
Size of research staff	9

Franklin Advisers Inc. is an active equity, active bond, balanced, active international/global bond, short-term, short duration and mortgage-backed securities manager.

The equity approach focuses on low p/e stocks. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 1.5% stocks, 6% bonds, 3% cash and 89.5% mortgage-backed securities.

The parent is Franklin Resources Inc.

Rupert H. Johnson Jr. is chief investment officer; John Murray is client contact.

Franklin Asset Management Systems

999 Baker Way, Suite 410, San
Mateo, Calif. 94404; (415) 312-3078

	($ millions)
Total assets managed	1,000
Total tax-exempt assets	600
Discretionary tax-exempt	600
No. of portfolio managers	2
Size of research staff	1

Franklin Asset Management Systems, an active equity, South Africa-free manager, uses growth stocks.

The asset mix Jan. 1 was 100% stocks.

The parent is Franklin Resources Inc.

Marvin McClay is chief investment officer; J. Paul Lewis is client contact.

Franklin Institutional Services Corp.

777 Mariners Island Blvd., San Mateo,
Calif. 94404; (800) 367-4331

	($ millions)
Total assets managed	20,627
Total tax-exempt assets	20,627
Discretionary tax-exempt	20,627
Mortgage-backed assets	20,138
International bond, active	417
401(k)/457 assets managed	274
No. of portfolio managers	11
Size of research staff	9

Franklin Institutional Services Corp. is an active equity, active domestic and international/global bond, balanced, short-term, short-duration and mortgage-backed manager.

Its equity approach is based on value. Its fixed-income approach uses sector analysis.

Of the assets above, $417 million are in currency hedging and options programs. All of the underlying assets are managed internally.

The asset mix Jan. 1 was 0.27% stocks, 2.01% bonds, 2.99% cash and 94.73% mortgage-backed securities.

The parent is Franklin Resources Inc.

Rupert H. Johnson Jr. is chief investment officer; John Murray is client contact.

Franklin Portfolio Associates

1 Post Office Square, Suite 3660,
Boston, Mass. 02109; (617)
423-4448

	($ millions)
Total assets managed	4,950
Total tax-exempt assets	4,330
Discretionary tax-exempt	4,027
International equity, active	29
No. of portfolio managers	4

Franklin Portfolio Associates, an active domestic and international/global equity manager, takes a bottom-up approach. It looks at growth stocks, uses Graham & Dodd analysis and incorporates quantitative and yield-based strategies.

The asset mix Jan. 1 was 99% stocks and 1% cash.

The parent is Mellon Bank.

John Nagorniak is chief investment officer; Spencer Timm is client contact.

Freedom Capital Management Corp.

1 Beacon St., 4th Floor, Boston, Mass.
02108; (617) 725-2300

	($ millions)
Total assets managed	3,873
Total tax-exempt assets	561
Discretionary tax-exempt	551
Mortgage-backed assets	100
401(k)/457 assets managed	5
No. of portfolio managers	16
Size of research staff	5

Freedom Capital Management Corp. is an active domestic and international equity, active domestic and international bond, balanced, short-term and environmental portfolio manager.

The equity approach is top-down, bottom-up focusing on growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 40% stocks, 35% bonds, 5% cash and 20% mortgage-backed securities.

The parent is John Hancock Freedom Securities.

James D. Henderson is client contact.

Froley, Revy Investment Co.

10900 Wilshire Blvd., Suite 1050, Los
Angeles, Calif. 90024; (310)
208-4938

	($ millions)
Total assets managed	580
Total tax-exempt assets	422
Discretionary tax-exempt	422
No. of portfolio managers	2
Size of research staff	4

Froley, Revy Investment Management Co. Inc. is a convertible and small-cap manager.

Its equity approach is top-down and grow-oriented.

The asset mix Jan. 1 was 5% cash and 95% convertibles.

The parent is Southwest Asset Management Co.

George A. Froley III and Thomas Revy are chief investment officers; Melinda J. Gordon is client contact.

Frontier Capital Management

99 Summer St., Boston, Mass. 02110;
(617) 261-0777

	($ millions)
Total assets managed	1,263
Total tax-exempt assets	1,116
Discretionary tax-exempt	1,116
No. of portfolio managers	6
Size of research staff	6

Frontier Capital Management Co., an active equity and balanced manager, takes a bottom-up approach, emphasizing growth.

The asset mix Jan. 1 was 92.5% stocks, 4% bonds and 3.5% cash.

Nancy J. Smith is client contact.

Furgueson Capital Management Inc.

19 W. 44th St., New York, N.Y. 10036;
(212) 840-1781

#5161 BT&T

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	($ millions)
Total assets managed	139
Total tax-exempt assets	31
Discretionary tax-exempt	30
No. of portfolio managers	4

Furgueson Capital Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach looks at low p/es as well as growth and emerging growth stocks. Graham & Dodd analysis, sector rotation and market timing are used. Its fixed-income approach uses interest rate anticipation and one- to 10-year staggered maturity ladders.

The asset mix Jan. 1 was 66.8% stocks, 14% bonds and 19.2% cash.

Cornelius Furgueson IV is chief investment officer; he and Stephen H. Orr are client contacts.

FX Concepts Inc.

100 Maiden Lane, New York, N.Y.
10038; (212) 363-7450

	($ millions)
Total currency overlay assets	1,379
Tax-exempt currency overlay assets	1,058
Number of portfolio managers	3
Size of research staff	4

FX Concepts Inc. is a manager of selective hedge products and currency as an asset class. None of the underlying assets is managed internally.

The parent is International Foreign Exchange Concepts Inc.

John R. Taylor Jr. is chief investment officer; John R. Serhant is client contact.

G

Gabelli-O'Connor Fixed Income Management Co.

8 Sound Shore Drive, Greenwich,
Conn. 06830; (203) 629-2090

	($ millions)
Total assets managed	1,279
Total tax-exempt assets	96
Discretionary tax-exempt	96
No. of portfolio managers	3

Gabelli-O'Connor Fixed Income Management Co. is an active short-term manager.

The asset mix Jan. 1 was 10% bonds and 90% cash.

The firm is an affiliate of GAMCO Investors.

Henley L. Smith is chief investment officer; Norma J. Niehoff is client contact.

Galleon Capital Management

2355 Northside Drive, Suite 120, San
Diego, Calif. 92108; (619) 584-6176

	($ millions)
Total assets managed	32
Total tax-exempt assets	15
Discretionary tax-exempt	15
No. of portfolio managers	2
Size of research staff	3

Galleon Capital Management is an active equity and balanced manager.

Its equity approach is bottom-up, using Graham & Dodd analysis and looking at growth stocks.

The asset mix Jan. 1 was 100% stocks.

Lou Acevedo is chief investment officer and client contact.

Ganucheau, Stupfel & Brumley Investment Counsel

301 Commerce St., Suite 1501, Fort
Worth, Texas 76102; (817)
332-9915

	($ millions)
Total assets managed	1,039
Total tax-exempt assets	815
Discretionary tax-exempt	815
No. of portfolio managers	5
Size of research staff	5

Ganucheau, Stupfel & Brumley Investment Counsel is an active equity, active bond and balanced manager that takes a bottom-up approach.

The asset mix Jan. 1 was 75% stocks, 18% bonds and 7% cash.

Mark J. Stupfel and Frank P. Ganucheau III are chief investment officers; Mr. Stupfel is client contact.

Gardner Lewis Asset Management Inc.

5803 Kennett Pike, Suite C,
Centreville, Del. 19807; (302)
656-5150

	($ millions)
Total assets managed	128
Total tax-exempt assets	33
Discretionary tax-exempt	33
No. of portfolio managers	2
Size of research staff	3

Gardner Lewis Asset Management Inc., an active equity manager, takes a bottom-up approach, looking at both growth and low p/e stocks.

W. Whitfield Gardner is chief investment officer; Judy Babb is client contact.

Gardner & Preston Moss Inc.

101 Federal St., Boston, Mass. 02110;
(617) 345-8200

See entry for INVESCO MIM PLC (NORTH AMERICA).

Garner Asset Management

111 Center St., Suite 2110, Little
Rock, Ark. 72201; (501) 688-2550

	($ millions)
Total assets managed	177
Total tax-exempt assets	2
Discretionary tax-exempt	2
No. of portfolio managers	2
Size of research staff	2

Garner Asset Management Corp., an active bond, high-yield bond and short-term manager, uses sector analysis, yield curve analysis and enhanced credit analysis.

The asset mix Jan. 1 was 100% bonds.

Rebecca H. Garner is chief investment officer and client contact.

Garrison, Keogh & Co. Inc.

122 E. 42nd St., Suite 3500, New
York, N.Y. 10168; (212) 557-7440

	($ millions)
Total assets managed	160
Total tax-exempt assets	105
Discretionary tax-exempt	105
No. of portfolio managers	3

Garrison, Keogh & Co. Inc. is an active equity and balanced manager.

The equity approach is bottom up, focusing on growth and low p/e stocks. Its fixed-income approach is active, using yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

William G. Garrison is chief investment officer; William Bradford III is client contact.

GE Investments

3003 Summer St., Seventh Floor,
Stamford, Conn. 06902; (203)
326-2309

	($ millions)
Total assets managed	38,731
Total tax-exempt assets	32,244
Discretionary tax-exempt	32,244
Equity real estate assets	1,808
Mortgage assets	2,500
Domestic equity, index	6,105
Mortgage-backed assets	2,313
International equity, active	1,308
International bond, active	11
401(k)/457 assets managed	5,977
No. of portfolio managers	35
Size of research staff	19

GE Investments is an active and passive equity, active bond, balanced, real estate, international/global active equity and bond, short-term, enhanced index, venture capital, convertibles and private placements manager.

The firm manages $1.5 billion in U.S., institutional, discretionary, tax-exempt assets in currency hedging programs; all of the underlying assets are managed internally.

The equity approach is quantitative, top-down and bottom-up, using growth, emerging growth, low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 42% stocks, 32% bonds, 3% cash, 6% equity real estate, 8% mortgages, 7% mortgage-backed securities, 2% private placements.

The parent is General Electric Co.

Dale F. Frey is chief investment officer; G.R. Norman is client contact.

Geewax, Terker & Co.

99 Starr St., Phoenixville, Pa. 19460;
(215) 935-3000

	($ millions)
Total assets managed	2,547
Total tax-exempt assets	2,515
Discretionary tax-exempt	2,515
No. of portfolio managers	3
Size of research staff	2

Geewax & Terker & Co., an active equity manager, takes a bottom-up, quantitative approach and uses sector rotation.

The asset mix Jan. 1 was 97% stocks and 3% cash.

John T. Geewax is chief investment officer; Caryn A. Buck is client contact.

General American Investors

330 Madison Ave., New York, N.Y.
10017; (212) 916-8408

	($ millions)
Total assets managed	1,417
Total tax-exempt assets	801
Discretionary tax-exempt	801
No. of portfolio managers	3
Size of research staff	5

General American Investors Co. Inc., an active equity manager, takes a bottom-up approach, emphasizing growth.

The asset mix Jan. 1 was 96% stocks and 4% cash.

William Gedale is chief investment officer; Jim Book is client contact.

All minority- and women-owned firms

Abacus Financial
Amerindo Investment
Ariel Capital
Arnold Investment
Beal Investment
Beekman Capital
Bradford & Marzec
Bronner Group
Brooks Capital
Cadinha
Cambridge Group
Cartwright & Goodwin
Cattanach
Chandler Liquid Asset
Charter Research
Cisneros Asset
Classic Asset
Clemente Capital
Cornell Capital
Discount Corp./NY
Draper/Computime
Evergreen Asset
EverGreen Capital
Ewing Capital
Florence Fearrington
Ferguson Investment
First Austin Capital
First Capital Advisers
Galleon Capital
Garner Asset
Genesis Capital
GLOBALT
GW Capital
Hamilton Management
Hanover Capital
HCM Capital
Holland Capital
Holt-Smith & Renk
Howard and McInnes
Institutional Portfolio
Investment Advisors/Key Biscayne
Karpus Investment
Kenwood Group
WR Lazard
R.M. Leary
Lee Capital
Llama Asset
LM Capital
Marathon Asset
Marshall Plan
Montag & Caldwell
Morgen Capital
M.S.S. Asset Allocation
North American Capital
Oak Hall Capital
Payden & Rygel
Phoenix Investment
Precision Asset
Prime Asset
Progress Investment
Realty Income
Reinoso Asset
Rock Capital
Rosenblum Silverman Sutton
Schuylkill Capital
Sit Investment
Sit/Kim Int'l
Smith, Graham
Solon Asset
Steere
Sturdivant
Swarthmore Group
Taplin, Canida & Habacht
Tiffany Capital
Valenzuela Capital
Value Quest
Vydex Management
Wedgewood Capital
WFG Investment
Denis Wong
Zevenbergen Capital

General American Life Insurance Co.

700 Market St., St. Louis, Mo. 63101;
(314) 231-1700

	($ millions)
Total assets managed	6,672
Total tax-exempt assets	2,032
Discretionary tax-exempt	1,263
GICs	491
Annuities	65
401(k)/457 assets managed	45
No. of portfolio managers	8
Size of research staff	4

General American Life Insurance Co. is an active equity, active bond, balanced, passive equity, short-term and commercial mortgage manager.

Its equity approach uses sector rotation and market timing; it also looks at growth, emerging growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector analysis.

The separate account asset mix Jan. 1 was 37% stocks, 13% bonds, 19% cash and 31% mortgages.

Leonard M. Rubenstein and Donald L. Smith are chief investment officers; Ronald O. Drury is client contact.

Genesis Capital Management

909 Montgomery St., Suite 600, San
Francisco, Calif. 94133; (415)
677-1550

	($ millions)
Total assets managed	49
Total tax-exempt assets	49
Discretionary tax-exempt	49
No. of portfolio managers	5
Size of research staff	1

Genesis Capital Management, an active equity manager, uses growth stocks. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 97% stocks and 3% cash.

Gail P. Seneca is chief investment officer; Harold Nathan is client contact.

Geneva Capital Management

250 E. Wisconsin Ave., Milwaukee,
Wis. 53202; (414) 224-6002

	($ millions)
Total assets managed	80
Total tax-exempt assets	60
Discretionary tax-exempt	60
Mortgage-backed assets	1
401(k)/457 plan assets	2
No. of portfolio managers	2

Geneva Capital Management Ltd. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth.

The asset mix Jan. 1 was 50% stocks, 48% bonds and 2% mortgage-backed securities.

William A. Priebe is chief investment officer; Amy S. Croen is client contact.

Geometry Asset Management Co. Inc.

1270 Avenue of the Americas, Suite
1200, New York, N.Y. 10020; (212)
391-1111

	($ millions)
Total assets managed	150
Total tax-exempt assets	105
Discretionary tax-exempt	105
No. of portfolio managers	3
Size of research staff	1

Geometry Asset Management Co. Inc. is an active domestic and international/global equity and fixed-income and balanced and short-term manager.

Its equity approach focuses on low p/e stocks.

All assets were in stocks Jan. 1.

The parent is The Geometry Group.

James W. Lewis is chief investment officer; Cynthia L. Whitney, William D. Birch Jr. and Katie C. Vigeant are client contacts.

GeoVest Advisors Inc.

245 Willowbrook Office Park, 1451
Pittsford-Victor Road, Fairport, N.Y.
14450; (716) 248-5050

	($ millions)
Total assets managed	60
Total tax-exempt assets	16
Discretionary tax-exempt	16
International equity, active	1
International bond, active	2
401(k)/457 assets managed	5
No. of portfolio managers	3
Size of research staff	2

GeoVest Advisors Inc. is an active equity, active bond, balanced, active international/global equity and bond, and short-term manager.

Its equity approach is bottom-up and value-oriented, using Graham & Dodd analysis and low p/e stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Robert E. Reeves is chief investment officer; David J. Upson is client contact.

Kenneth J. Gerbino & Co.

9595 Wilshire Blvd., Suite 200, Beverly
Hills, Calif. 90212; (310) 550-6304

	($ millions)
Total assets managed	33
Total tax-exempt assets	14
Discretionary tax-exempt	14
International equity, active	3

Kenneth J. Gerbino & Co., an active domestic and international equity manager, takes a growth approach.

All assets were in stocks Jan. 1.

Ken Gerbino is chief investment officer; Doug Walker and Gray Von Adelung are client contacts.

The Glenmede Trust Co.

229 S. 18th St., Philadelphia, Pa.
19103; (215) 875-3200

	($ millions)
Total assets managed	6,600
Total tax-exempt assets	5,100
Discretionary tax-exempt	5,017
Mortgage-backed assets	1,957
International equity, active	180
No. of portfolio managers	9
Size of research staff	2

The Glenmede Trust Co. is an active equity, active bond, balanced, active international/global equity, short-term and convertible manager.

Its equity approach is bottom-up, and seeks low p/e stocks. Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 55% stocks, 4% bonds, 2% cash and 39% mortgage-backed securities.

The parent is The Glenmede Corp.

John W. Church Jr. is chief investment officer; Charles Bradford and Dale W. Kindregan are client contacts.

Glickenhaus & Co.

6 E. 43rd St., New York, N.Y.
10017-4641; (212) 953-7800

	($ millions)
Total assets managed	1,520
Total tax-exempt assets	970
Discretionary tax-exempt	970
401(k)/457 assets managed	10
No. of portfolio managers	10
Size of research staff	15

Glickenhaus & Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom up, focusing on low p/e stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 85% stocks, 13% bonds and 2% cash.

Seth M. Glickenhaus is chief investment officer; Connie Moak Mazur is client contact.

Global Fixed Income Advisors

751 Broad St., 2 Plaza, Newark, N.J.
07102-3777; (201) 802-8062

	($ millions)
Total assets managed	5,285
Total tax-exempt assets	1,189
Discretionary tax-exempt	1,189
International bond, active	1,160
International cash assets	29
No. of portfolio managers	6
Size of research staff	3

Global Fixed Income Advisors is an active domestic and international/global bond manager.

Its investment approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 99.45% bonds and 0.55% cash.

The firm runs currency hedging programs on $176 million. All of the underlying assets are managed internally.

The parent is Prudential Insurance Co. of America.

Nicholas P. Sargen is chief investment officer; Ann E. Kale is client contact.

GLOBALT Inc.

3060 Peachtree Road N.W., Suite
225, 1 Buckhead Plaza, Atlanta, Ga.
30305; (404) 364-2188

	($ millions)
Total assets managed	20
Total tax-exempt assets	10
Discretionary tax-exempt	10
No. of portfolio managers	2
Size of research staff	1

GLOBALT Inc. is an active domestic and international/global equity, active bond and balanced manager.

Its equity approach is top-down and bottom-up, using growth and core strategies. Its fixed-income approach uses controlled duration.

The asset mix Jan. 1 was 100% stocks.

Samuel E. Allen, Gary E. Fullam and Angela Z. Allen are chief investment officers; Ms. Allen is client contact.

GMG/Seneca Capital Management

909 Montgomery St., Suite 600, San
Francisco, Calif. 94133; (415)
677-1550

	($ millions)
Total assets managed	733
Total tax-exempt assets	227
Discretionary tax-exempt	227
No. of portfolio managers	5
Size of research staff	1

GMG/Seneca Capital Management is an active equity, active bond, balanced and short-term manager.

Its equity approach uses growth stocks. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 30% stocks, 65% bonds and 5% cash.

Gail P. Seneca is chief investment officer; Harold Nathan is client contact.

Godsey & Gibb Associates

6802 Paragon Place, Suite 201,
Richmond, Va. 23230; (804)
285-7333

	($ millions)
Total assets managed	221
Total tax-exempt assets	122
Discretionary tax-exempt	122
No. of portfolio managers	4
Size of research staff	1

Godsey & Gibb Associates is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and growth-oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 52% stocks, 31% bonds and 17% cash.

Joseph C. Godsey Jr. is chief investment officer; A. Gordon Goodykoontz is client contact.

Goldman Sachs Asset Management

32 Old Slip, 34th Floor, New York,
N.Y. 10005; (212) 902-0800

	($ millions)
Total assets managed	28,239
Total tax-exempt assets	5,203
Discretionary tax-exempt	5,203
Dedicated/immunized assets	524
Mortgage-backed assets	325
International bond, active	67
No. of portfolio managers	30
Size of research staff	200

Goldman Sachs Asset Management is an active equity, active domestic and international bond, balanced, short-term, enhanced index and global currency management manager.

Its equity approach is bottom-up, focusing on growth and low p/es, using Graham & Dodd, semi-active and quantitative techniques. Its fixed-income approach uses sector and yield curve analyses, stressing individual security selection.

The asset mix Jan. 1 was 26% stocks, 26% bonds, 42% cash and 6% mortgage-backed securities.

The parent is Goldman, Sachs & Co. Inc.

Michael R. Armellino, Jeffrey M. Weingarten and Michael L. Smirlock are chief investment officers; David A. Kaugher and Larry A. Kohn are client contacts.

J.C. Goodgal Inc.

600 Park Ave., Paterson, N.J.
07504-1024; (201) 278-2327

	($ millions)
Total assets managed	8
Total tax-exempt assets	5
Discretionary tax-e mpt	5
No. of portfolio mar ers	1

J.C. Goodgal Inc. is ctive equity and balanced manager.

Its active equity approach ttom-up and value-oriented, using low p/e stocks ham & Dodd analysis. Its fixed-income approac ld curve analysis, and focuses on high-qu termediate-term securities.

The asset mix Jan. 1 was 52% stocks, 34% bonds and 14% cash.

Jay Charles Goodgal is chief investment officer and client contact.

Granahan Investment Management Inc.

303 Wyman St., Waltham, Mass.
02154; (617) 890-4412

	($ millions)
Total assets managed	171
Total tax-exempt assets	171
Discretionary tax-exempt	171
No. of portfolio managers	1
Size of research staff	2

Granahan Investment Management Inc., an active equity manager, takes a bottom-up approach, using emerging growth stocks.

The asset mix Jan. 1 was 83% stocks and 17% cash.

John J. Granahan is chief investment officer and client contact.

Grantham, Mayo, Van Otterloo & Co.

40 Rowes Wharf, Boston, Mass.
02110; (617) 330-7500

	($ millions)
Total assets managed	8,933
Total tax-exempt assets	8,307
Discretionary tax-exempt	8,307
International equity, active	3,027
International bond, active	149
International cash assets	21
No. of portfolio managers	10
Size of research staff	9

Grantham, Mayo, Van Otterloo & Co. is an active domestic and international/global equity, active international/global bond, short-term and TAA manager.

Its equity approach is quantitative, and uses low p/e stocks.

The asset mix Jan. 1 was 98% stocks and 2% bonds.

Jeremy Grantham is chief investment officer; David A. Salem is client contact.

R.W. Graybill Ltd.

568 Spring Road, Elmhurst, Ill. 60126;
(708) 941-9460

	($ millions)
Total assets managed	82
Total tax-exempt assets	53
Discretionary tax-exempt	53
401(k)/457 plan assets	1
No. of portfolio managers	2

R.W. Graybill Ltd. is an active equity, balanced and passive bond manager.

Its equity approach is bottom-up, using growth and emerging growth stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 53% stocks, 38% bonds and 9% cash.

Robert W Graybill is chief investment officer; Ronn R. Bagge is client contact.

Great Lakes Advisors Inc.

111 W. Jackson Blvd., Chicago, Ill.
60604; (312) 986-3000

	($ millions)
Total assets managed	643
Total tax-exempt assets	643
Discretionary tax-exempt	634
Mortgage-backed assets	134
International equity, active	5
401(k)/457 assets managed	23
No. of portfolio managers	3

Great Lakes Advisors Inc. is an active equity, active bond, balanced and convertible manager.

Its equity approach is bottom-up, and uses Graham & Dodd analysis. Its fixed-income approach uses sector and yield curve analysis.

The asset mix Jan. 1 was 27% stocks, 40% bonds, 3% cash, 22% mortgage-backed securities and 8% asset-backed securities.

Edward Calkins and Stephen Rost are chief investment officers; Raymond Wicklander is client contact.

Great-West Life Assurance

8505 E. Orchard Road, Englewood,
Colo. 80111; (303) 689-3000

	($ millions)
Total assets managed	19,605
Total tax-exempt assets	7,910
Discretionary tax-exempt	7,910
GICs	1,765
Annuities	370
401(k)/457 assets managed	2,009
No. of portfolio managers	7
Size of research staff	350

Great-West Life Assurance Co. is an active equity, balanced and short-term manager.

Its equity approach seeks growth. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The parent is Power Corp. of Canada.

John T. Hughes is chief investment officer; Robert Shaw is client contact.

David J. Greene & Co.

30 Wall St., New York, N.Y. 10005;
(212) 344-5180

	($ millions)
Total assets managed	1,317
Total tax-exempt assets	1,004
Discretionary tax-exempt	997
No. of portfolio managers	6
Size of research staff	8

David J. Greene & Co., an active equity manager, takes a bottom-up approach, and uses Graham & Dodd analysis.

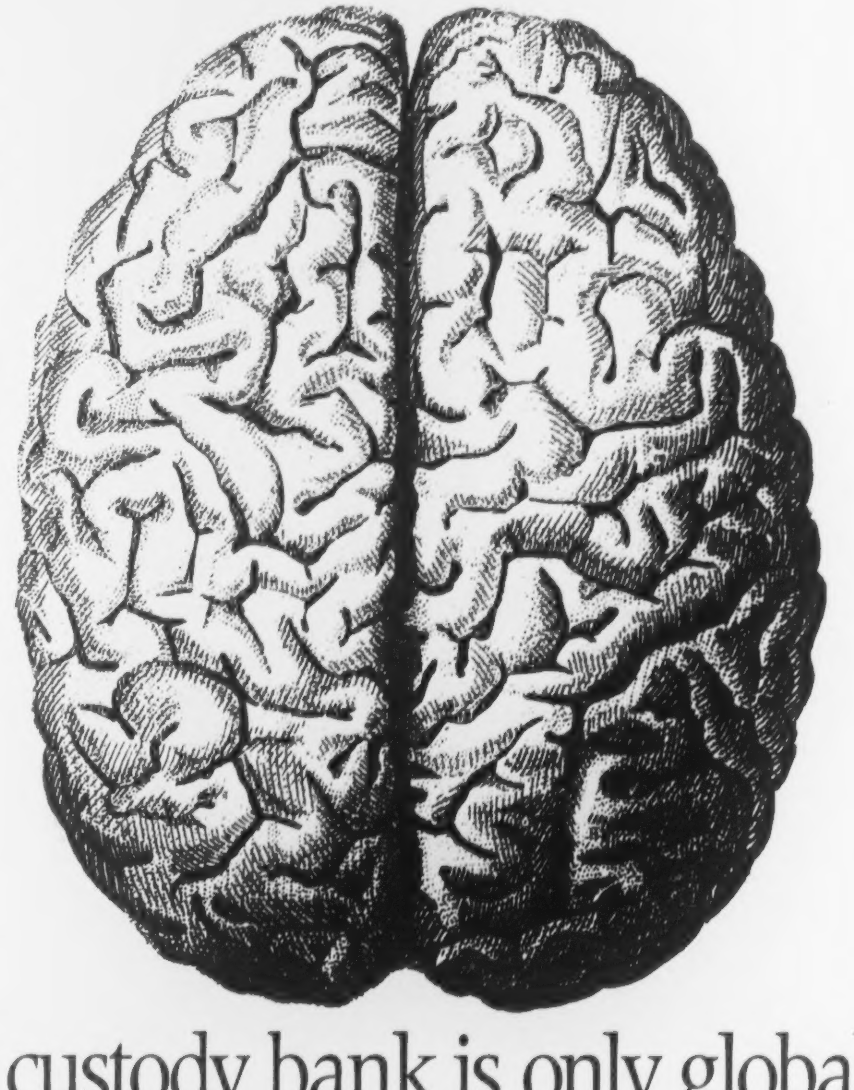
The asset mix Jan. 1 was 80% stocks and 20% cash.

Alan I. Greene is chief investment officer; Erwin A. Zeuschner is client contact.

Greenleaf Capital Management

803 Tower East, 20600 Chagrin Blvd.,
Shaker Heights, Ohio 44122; (216)
752-8900

	($ millions)
Total assets managed	269



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Michael M. Arnold, Director of Investor Relations

1717 K Street, N.W., Suite 707
Washington, D.C 20006
(202) 331-8055

Total tax-exempt assets	208
Discretionary tax-exempt	208
International equity, active	10
No. of portfolio managers	4
Size of research staff	2

Greenleaf Capital Management is an active domestic and international/global equity, balanced and venture capital manager.

Its equity approach is bottom-up, seeking improving fundamentals at good value. Its fixed-income approach is passive.

The asset mix Jan. 1 was 46% stocks, 46% bonds and 8% cash.

The parent is Greenleaf Capital Management Services.

Geofrey Greenleaf is chief investment officer; Gene Triponey is client contact.

Greenville Capital Management Inc.

P.O. Box 4589, Greenville, Del. 19807;
(302) 429-9799

	($ millions)
Total assets managed	88
Total tax-exempt assets	19
Discretionary tax-exempt	19
No. of portfolio managers	2

Greenville Capital Management Inc., an active equity manager, focuses on growth.

The asset mix Jan. 1 was 80% stocks 20% cash.

Charles S. Cruice is chief investment officer and client contact.

Growth Stock Outlook Inc.

4405 East-West Highway, Suite 305,
Bethesda, Md. 20814; (301)
654-5205

	($ millions)
Total assets managed	368
Total tax-exempt assets	58
Discretionary tax-exempt	58
401(k)/457 assets managed	58
No. of portfolio managers	1
Size of research staff	6

Growth Stock Outlook Inc. is an active equity manager.

Its equity approach is yield-based and value-oriented, using low p/e stocks and Graham & Dodd analysis.

The asset mix Jan. 1 was 20% stocks and 80% cash.

Charles Allmon is chief investment officer; Susan Borchers is client contact.

Gryphon Investment Counsel Inc.

1002 Sherbrooke St. W., Suite 1400,
Montreal, Quebec H3A 3L6; (514)
288-4122

	($ millions)
Total assets managed	6,411
Total tax-exempt	6,411
Discretionary tax-exempt	6,411
For subsidiaries of U.S. firms	1,287
No. of portfolio managers	7
Size of research staff	2

Gryphon Investment Counsel Inc., a Canadian firm, is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down and bottom-up. Its fixed-income approach uses interest rate anticipation, sector and yield curve analyses.

The asset mix Jan. 1 was 36% Canadian stocks, 12% U.S. stocks, 48% bonds and 4% cash.

George B. Kiddell is chief investment officer; Ronald E.F. Kaulbach is client contact.

G.T. Capital Management

50 California St., 27th Floor, San
Francisco, Calif. 94111; (415)
392-6181

	($ millions)
Total assets managed	11,727
Total tax-exempt assets	818
Discretionary tax-exempt	818
International equity, active	761
International cash assets	57
No. of portfolio managers	33
Size of research staff	14

G.T. Capital Management Inc. is an active international/global equity, regional equity and emerging markets equity manager.

Its investment approach top-down/bottom-up and growth-oriented.

The asset mix Jan. 1 was 93% stocks and 7% cash.

The parent is GT Management PLC.

Christian Wignall is chief investment officer; Earle A. Malm II is client contact.

Guardian Asset Management

201 Park Ave. S., 11th Floor, New
York, N.Y. 10003; (212) 598-1275

	($ millions)
Total assets managed	1,367
Total tax-exempt assets	130
Discretionary tax-exempt	130
No. of portfolio managers	2
Size of research staff	3

Guardian Asset Management Corp., an active equity manager, uses a bottom-up approach, focusing on growth and low p/e stocks.

The asset mix Jan. 1 was 93% stocks, 7% cash.

The parent is Guardian Life Insurance Co. of America.

Chuck E. Albers is chief investment officer; Annette I. Borenstein is client contact.

Guardian Capital Inc.

110 Yonge St., 18th Floor, Toronto,
Ontario M5C 1T4; (416) 364-8341

	($ millions)
Total assets managed	2,014
Total tax-exempt	988
Discretionary tax-exempt	988
For subsidiaries of U.S. firms	299
No. of portfolio managers	4

Guardian Capital Inc., a Canadian firm, is an active domestic and international/global equity and bond, passive bond, balanced, short-term and enhanced index manager.

Its active equity approach is bottom-up, using Graham & Dodd analysis; it seeks value with good earnings. Its active fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 35% Canadian stocks, 5% U.S. stocks, 40% bonds, 15% cash and 5% EAFE stocks.

The parent is Guardian Capital Group Ltd.

Mark A.F. Golding is chief investment officer; Huntly Christie is client contact.

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Gulf Investment Management Inc.

820 Gessner, Suite 720, Houston,
Texas 77024; (713) 461-0660

	($ millions)
Total assets managed	365
Total tax-exempt assets	269
Discretionary tax-exempt	269
No. of portfolio managers	3
Size of research staff	1

Gulf Investment Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach is active.

The asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Thomas G. Macnni is chief investment officer; T. Charles Toomey is client contact.

Gulfstream Global Investors

300 Crescent Court, Suite 1605,
Dallas, Texas 75201; (214)
871-8399

	($ millions)
Total assets managed	111
Total tax-exempt assets	111
Discretionary tax-exempt	111
International equity, index	11
International cash assets	100
No. of portfolio managers	3

Gulfstream Global Investors Ltd. is an active international/global equity and short-term manager.

Its investment approach is bottom-up, focusing on growth and emerging growth stocks and using Graham & Dodd analysis.

The asset mix Jan. 1 was 10% stocks and 90% cash.

C. Thomas Tull is chief investment officer; Jim Marsh is client contact.

GW Capital Inc.

10800 N.E. Eighth St., Suite 315,
Bellevue, Wash. 98004; (206)
646-9336

	($ millions)
Total assets managed	30
Total tax-exempt assets	30
Discretionary tax-exempt	30
No. of portfolio managers	2

GW Capital Inc. is an active equity, active bond and balanced manager.

Its equity approach uses growth and low p/e stocks and sector rotation. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 40% stocks, 55% bonds and 5% cash.

Guy N. Watanabe is chief investment officer; Linda K. Mauzy is client contact.

H

Hagler, Mastrovita & Hewitt

1 International Place, Boston, Mass.
02110; (617) 439-0440

	($ millions)
Total assets managed	1,532
Total tax-exempt assets	1,474
Discretionary tax-exempt	1,474
No. of portfolio managers	3
Size of research staff	2

Hagler, Mastrovita & Hewitt Inc. is an active equity and balanced manager.

Its equity approach is value-oriented and quantitative, focusing on theme identification and fundamental analysis.

Its fixed-income approach is quantitative.

The asset mix Jan. 1 was 76% stocks, 8% bonds and 16% cash.

The parent is United Asset Management.

Robert P. Mastrovita is chief investment officer; Jon L. Hagler is client contact.

Hahn Holland & Grossman

180 N. Wacker Drive, Suite 350,
Chicago, Ill. 60606; (312) 984-3580

	($ millions)
Total assets managed	528
Total tax-exempt assets	417
Discretionary tax-exempt	417
Domestic equity, index	150
No. of portfolio managers	3
Size of research staff	4

Hahn Holland & Grossman is an active equity, active bond and balanced manager.

The equity approach is top-down, using Graham & Dodd principles. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 45% bonds and 5% cash.

Donald Hahn is chief investment officer; Ken Grossman is client contact.

Hallmark Capital Management

1 Greenbrook Corporate Center, 100
Passaic Ave., Fairfield, N.J. 07004;
(201) 808-4144

	($ millions)
Total assets managed	246
Total tax-exempt assets	223
Discretionary tax-exempt	223
No. of portfolio managers	2
Size of research staff	1

Hallmark Capital Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 41% stocks, 53% bonds and 6% cash.

The parent is Prudential Insurance Co. of America.

Robert L. Ardizzone is chief investment officer; Peter S. Hagerman is client contact.

Hamilton, Allen & Associates Inc.

3060 Peachtree Road N.W., Suite
1550, Atlanta, Ga. 30305; (404)
365-5050

	($ millions)
Total assets managed	1,145
Total tax-exempt assets	1,009
Discretionary tax-exempt	1,009
401(k)/457 assets managed	10

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No. of portfolio managers	5
Size of research staff	2

Hamilton, Allen & Associates Inc. is an active equity, active bonds, balanced and short-term manager.

The equity approach is bottom-up and growth-oriented, using sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 44% stocks, 46% bonds and 10% cash.

The parent is United Asset Management.

Roger C. Hamilton is chief investment officer; William M. Robertson is client contact.

Hamilton Management Group Inc.

3775 NationsBank Plaza, Charlotte, N.C. 28280; (704) 358-9808

	($ millions)
Total assets managed	19
Total tax-exempt assets	17
Discretionary tax-exempt	17
No. of portfolio managers	1
Size of research staff	1

Hamilton Management Group Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, seeking large-cap stocks. Its fixed-income approach uses short durations.

The asset mix Jan. 1 was 60% stocks, 39% bonds and 1% cash.

Peter J. Shintay is chief investment officer and client contact.

John Hancock Financial Services

P.O. Box 111, Boston, Mass. 02117; (617) 572-4523

	($ millions)
Total assets managed	44,132
Total tax-exempt assets	20,614
Discretionary tax-exempt	20,614
GICs	10,102
Annuities	2,457
Equity real estate assets	642
Mortgage assets	5,872
401(k)/457 assets managed	8,802

John Hancock Financial Services is an active and passive equity, active bond, balanced, real estate, passive international/global equity, short-term, venture capital, timber, private placement, capital growth and alternative energy manager.

The separate account asset mix Jan. 1 was 0.3% stocks, 35.3% bonds, 1.7% cash, 5.3% equity real estate and 57.4% other.

In addition to the assets listed above, $200 million is managed in a common stock hedge fund by its subsidiary, Independence Investment Associates.

Foster L. Aborn is chief investment officer; Endicott Peabody Jr. is client contact.

Hanover Capital Asset Management Inc.

1520 Locust, Suite 804, Philadelphia, Pa. 19102; (215) 731-0631

	($ millions)
Total assets managed	45
Totaltax-exemptassets	45
Discretionary tax-exempt	45
Mortgage-backed assets	36
No. of portfolio managers	1
Size of research staff	1

Hanover Capital Asset Management Inc., an active bond manager, uses sector and yield curve analyses, as well as duration and option-adjusted spread analysis.

The asset mix Jan. 1 was 20% bonds, 80% mortgage-backed securities.

Marilyn Dicks-Riley is chief investment officer and client contact.

Hanson Investment Management Co.

4000 Civic Center Drive, Suite 200, San Rafael, Calif. 94903; (415) 499-1400

	($ millions)
Total assets managed	1,705
Total tax-exempt assets	1,537
Discretionary tax-exempt	1,537
No. of portfolio managers	7
Size of research staff	2

Hanson Investment Management Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and value-oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 82% stocks, 10% bonds and 8% cash.

The parent is United Asset Management.

Herbert M. Hanson Jr. is chief investment officer; Robert F. Lovett Jr. is client contact.

Harbor Capital Management

265 Franklin St., Boston, Mass. 02110; (617) 439-4500

	($ millions)
Total assets managed	1,503
Total tax-exempt assets	1,145
Discretionary tax-exempt	1,145
No. of portfolio managers	9
Size of research staff	4

Harbor Capital Management Co. Inc. is an active equity, active bond, balanced and active international/global equity and bond manager.

Its equity approach emphasizes growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 63% stocks, 35% bonds and 2% cash.

Frederick G.P. Thorne is chief investment officer; Carl A. Bafaro is client contact.

Harris Associates L.P.

2 N. LaSalle St., Suite 500, Chicago, Ill. 60602; (312) 621-0600

	($ millions)
Total assets managed	3,473
Total tax-exempt assets	1,094
Discretionary tax-exempt	1,094
No. of portfolio managers	11
Size of research staff	12

Harris Associates L.P. is an active equity, balanced and mutual fund manager.

Its equity approach is bottom-up, with a low p/e emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 67% stocks, 22% bonds and 11% cash.

Victor Morgenstern is chief investment officer; Albert A. Pisterzi is client contact.

Harris Bretall Sullivan & Smith Inc.

1 Post St., Suite 2300, San Francisco, Calif. 94104; (415) 391-8030

	($ millions)
Total assets managed	2,151
Total tax-exempt assets	1,320
Discretionary tax-exempt	1,125
No. of portfolio managers	11

Harris Bretall Sullivan & Smith Inc. is an active equity, active bond and balanced manager.

Its equity approach uses both top-down and bottom-up research to identify growth stocks. Its fixed income approach uses interest rate anticipation.

The asset mix Jan. 1 was 85% stocks, 14% bonds and 1% cash.

W. Graeme Bretall is chief investment officer; James D. Dresser is client contact.

Harris Investment Management Inc.

P.O. Box 755, 190 S. LaSalle St., Chicago, Ill. 60690; (312) 461-7699

	($ millions)
Total assets managed	11,620
Total tax-exempt assets	10,067
Discretionary tax-exempt	10,067
Domestic equity, index	440
Dedicated/immunized assets	650
Mortgage-backed assets	200
International equity, active	56
International cash assets	2,000
401(k)/457 assets managed	1,800
No. of portfolio managers	15
Size of research staff	9

Harris Investment Management Inc. is an active and passive equity, active bond, balanced, international/global active equity, short-term, enhanced index and convertible manager.

Its equity approach is bottom-up and quantitative, using low p/e stocks. Its fixed-income approach uses sector and yield curve analyses and modest interest rate risk management.

The asset mix Jan. 1 was 18% stocks, 44% bonds, 34% cash, 2% mortgage-backed securities and 2% convertibles.

The parent is Harris Bankcorp Inc.

John C. Kirscher is chief investment officer; Robert Vanden Bosch, Randall Buck and Thomas Macior are client contacts.

25 largest managers of mortgage assets

Firm	$ mils.*
Aetna	20,795
Prudential Asset	13,087
CIGNA Investments	8,803
Travelers	8,613
Principal Financial	7,791
John Hancock Financial	5,872
Equitable Real Estate	4,425
Massachusetts Mutual	3,073
J.P. Morgan	2,537
GE Investments	2,500
Confederation Life	2,455
Lincoln National	2,150
Boylston Capital	2,029
Pacific Mutual	1,522
New York Life	1,428
State Mutual	1,191
Balcor	552
Latimer & Buck	526
Heitman Advisory	492
First Asset Management	481
Prudential Realty	477
Lowe, Brockenbrough	473
Union Labor Life	444
Aldrich, Eastman	310
Aon Advisors	257
Total	**92,283**

*Discretionary tax-exempt assets

Hartford Life Insurance Co.

P.O. Box 2999, Hartford, Conn. 06104-2999; (203) 547-5000

	($ millions)
Total assets managed	16,263
Total tax-exempt assets	9,600
Discretionary tax-exempt	9,600
GICs	4,600
Equity real estate assets	10
Mortgage assets	746
Domestic equity, index	3,327
Domestic bond, index	2,882
Mortgage-backed assets	12
401(k)/457 assets managed	2,900
No. of portfolio managers	8
Size of research staff	8

Hartford Life Insurance Co. is an active and passive equity, balanced, real estate, active international/global equity and short-term manager.

Its primary equity approach is active, seeking growth and value through quantitative techniques. Its fixed-income approach is passive.

The separate account asset mix Jan. 1 was 49% stocks, 2% bonds, 3% cash and 46% mortgage-backed securities.

The parent is ITT Hartford Insurance Group.

Howard A. York is chief investment officer; Patrick J. Moriarty is client contact.

Haven Capital Management

655 Third Ave., 19th Floor, New York, N.Y. 10017; (212) 953-2322

	($ millions)
Total assets managed	544
Total tax-exempt assets	268
Discretionary tax-exempt	267
Dedicated/immunized assets	11
No. of portfolio managers	4

Haven Capital Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, looking at growth, emerging growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 55% stocks, 34% bonds and 11% cash.

Denis M. Turko is client contact.

Hawaiian Trust Co. Ltd.

P.O. Box 3170, Honolulu, Hawaii 96802; (808) 538-4622

	($ millions)
Total assets managed	2,600
Total tax-exempt assets	230
Discretionary tax-exempt	230
Equity real estate assets	12
International equity, active	12
401(k)/457 plan assets	30
No. of portfolio managers	10
Size of research staff	2

Hawaiian Trust Co. Ltd. is an active equity, active bond, balanced, real estate, international/global active equity and short-term manager.

Its equity approach is bottom-up and growth-oriented, and uses sector rotation. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 30% bonds, 5% real estate equity and 5% international equity.

The parent is Bancorp Hawaii.

William J. Barton is chief investment officer; Rose McDermott is client contact.

Hayek Investment Counsel

212 Fairhope Ave., Fairhope, Ala. 36532; (205) 928-8999

	($ millions)
Total assets managed	25
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	1

Hayek Investment Counsel Inc. is an active equity and balanced manager.

The equity approach is bottom-up, using Graham & Dodd. Its fixed-income approach is passive.

The asset mix Jan. 1 was 50% stocks, 30% bonds and 20% cash.

Fred Hayek is chief investment officer and client contact.

HCM Capital Management

P.O. Box 4342, Honolulu, Hawaii 96812-4342; (808) 841-3699

	($ millions)
Total assets managed	115
Total tax-exempt assets	112
Discretionary tax-exempt	112
No. of portfolio managers	1
Size of research staff	2

HCM Capital Management Inc., an active bond manager, uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 98% bonds, 2% cash.

Michael K. Hirai is chief investment officer and client contact.

HD International Inc.

126 E. 56th St., New York, N.Y. 10022; (212) 753-0600

	($ millions)
Total assets managed	1,800
Total tax-exempt assets	1,076
Discretionary tax-exempt	1,076
International equity, active	1,001
International bond, active	11
International cash assets	64
No. of portfolio managers	9
Size of research staff	1

HD International Inc., an international/global active equity and European regional manager, takes a top-down and growth-oriented approach.

The asset mix Jan. 1 was 93% stocks, 1% bonds and 6% cash.

James Heyworth-Dunne is chief investment officer; Jay S. Mancus is client contact.

Heartland Capital Management

36 S. Pennsylvania St., Suite 610, Indianapolis, Ind. 46208; (317) 633-4080

	($ millions)
Total assets managed	825
Total tax-exempt assets	575
Discretionary tax-exempt	575
401(k)/457 assets managed	10
No. of portfolio managers	6
Size of research staff	6

Heartland Capital Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and growth-oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 66% stocks, 25% bonds and 9% cash.

Barry F. Ebert is chief investment officer; Hilary S. Salatich is client contact.

25 largest equity real estate managers

Firm	$ mils.*
Equitable Real Estate	13,554
Copley Real Estate	9,338
JMB Institutional Realty	8,273
Prudential Realty	4,656
Yarmouth Group	3,890
Heitman Advisory	3,608
Aetna Life Insurance	3,321
RREEF	2,885
Trust Co./West	2,377
LaSalle Advisors	2,300
GE Investments	1,808
J.P. Morgan	1,614
Corporate Property	1,488
O'Connor Group	1,450
CIGNA Investments	1,378
Aldrich, Eastman	1,325
Kennedy Associates	1,212
Sentinel Real Estate	1,176
Property Capital	1,092
Boston Co.	1,039
NationsBank	1,000
Alex. Brown, Kleinwort	882
Metropolitan Life	877
Lehndorff & Babson	873
Jones Lang Wootton	750
Total	**72,166**

*Discretionary tax-exempt assets

Heine Management Group

1175 Post Road E., P.O. Box 830, Westport, Conn. 06881-0830; (203) 226-4768

	($ millions)
Total assets managed	34
Total tax-exempt assets	25
Discretionary tax-exempt	25
No. of portfolio managers	3

Heine Management Group Inc., an active equity and short-term manager, uses a bottom-up and yield-based approach, employing Graham & Dodd principles.

The asset mix Jan. 1 was 97% stocks and 3% cash.

Leonard M. Heine Jr. is chief investment officer; N. Russell Wayne is client contact.

Heitman Advisory Corp.

180 N. LaSalle St., Chicago, Ill. 60601; (312) 855-5700

	($ millions)
Total assets managed	7,000
Total tax-exempt assets	6,200
Discretionary tax-exempt	4,100
Equity real estate assets	3,608
Mortgage assets	492
No. of portfolio managers	13
Size of research staff	4

Heitman Advisory Corp. is a real estate manager.

The asset mix Jan. 1 was 88% equity real estate, 12% mortgages.

The parent is Heitman Financial Ltd.

Norman Perlmutter is chief investment officer; Andrew Dackas is client contact.

Hellman Jordan Management Co. Inc.

75 State St., Boston, Mass. 02109; (617) 261-9800

	($ millions)
Total assets managed	2,494
Total tax-exempt assets	2,034
Discretionary tax-exempt	2,034
401(k)/457 assets managed	200
No. of portfolio managers	4
Size of research staff	6

Hellman Jordan Management Co. Inc., an active equity manager, focuses on growth.

The asset mix Jan. 1 was 64% stocks, 36% cash.

The parent is United Asset Management.

Gerald R. Jordan Jr. is chief investment officer; David M. Driscoll is client contact.

Henderson Administration Group PLC

3 Finsbury Ave., London EC2M 2PA England; 71-410-4332

	($ millions)
Total assets managed	13,413
Total tax-exempt assets	57
Discretionary tax-exempt	57
International equity, active	51
International cash assets	6
No. of portfolio managers	36

Henderson Administration Group PLC is an active international/global equity and bond and venture capital manager.

Its equity approach is top-down, and looks for undervalued growth stocks.

The asset mix Jan. 1 was 91% stocks and 9% cash.

Iain Clark is chief investment officer; R.D. Garland is client contact.

Heritage Investors Management Corp.

7101 Wisconsin Ave., Suite 1112, Bethesda, Md. 20814; (301) 951-0440

	($ millions)
Total assets managed	260
Total tax-exempt assets	86
Discretionary tax-exempt	83
No. of portfolio managers	3

Heritage Investors Management Corp. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a low p/e emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 20% stocks, 67% bonds and 13% cash.

Michael S. Cornfeld is chief investment officer and client contact.

HGK Asset Management

17 State St., 15th Floor, New York, N.Y. 10004; (212) 514-9800

	($ millions)
Total assets managed	795
Total tax-exempt assets	795
Discretionary tax-exempt	795
No. of portfolio managers	9

HGK Asset Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, uses market timing and looks at growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 30% stocks, 70% bonds.

Warren A. Greenhouse is chief investment officer and client contact.

Hibernia National Bank

P.O. Box 61540, New Orleans, La. 70160; (504) 587-3124

	($ millions)
Total assets managed	2,320
Total tax-exempt assets	1,616
Discretionary tax-exempt	1,616
Mortgage-backed assets	400
401(k)/457 plan assets	94
No. of portfolio managers	7
Size of research staff	2

Hibernia National Bank is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach is quantitative. Its fixed-income approach is based on sector management.

The asset mix Jan. 1 was 23% stocks, 36% bonds, 16% cash, 24% mortgage-backed securities, 1% other.

The parent is Hibernia Corp.

Paul Mangus is chief investment officer; Melissa Elliott is client contact.

Hill Samuel/Investment Advisers Ltd.

1100 Dain Tower, P.O. Box 357, Minneapolis, Minn. 55440; (612) 376-2600

	($ millions)
Total assets managed	705
Total tax-exempt assets	705
Discretionary tax-exempt	705
International equity, active	693
International bond, active	12
401(k)/457 assets managed	341
No. of portfolio managers	16

Hill Samuel/Investment Advisers Ltd. is an active equity, active bond, balanced, short-term and venture capital manager.

Its equity approach is bottom-up.

The asset mix Jan. 1 was 83% stocks, 2% bonds and 15% cash.

The parent is TSB Group PLC.

Roy Gillson is chief investment officer; Anne Holloran is client contact.

M.D. Hirsch Investment Management Inc.

522 Fifth Ave., Suite 1600, New York, N.Y. 10036; (800) 457-6670

	($ millions)
Total assets managed	369
Total tax-exempt assets	200
Discretionary tax-exempt	200
No. of portfolio managers	2
Size of research staff	3

M.D. Hirsch Investment Management Inc., a balanced manager, uses equity and fixed-income mutual funds on a market timing basis.

The parent is Republic National Bank of New York.

Michael D. Hirsch is chief investment officer; Andrea Cracolici is client contact.

Hodges Capital Management

755 West End Ave., New York, N.Y. 10025; (212) 866-5334

	($ millions)
Total assets managed	28
Total tax-exempt assets	23
Discretionary tax-exempt	23
No. of portfolio managers	1
Size of research staff	1

Hodges Capital Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, focusing on low p/e stocks. Its fixed-income approach uses laddered maturities.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Fletcher Hodges III is chief investment officer and client contact.

Hodgson Roberton Laing

1 Queen St. E., Suite 1920, Toronto, Ontario M5C 2Y5; (416) 869-3320

	($ millions)
Total assets managed	1,545
Total tax-exempt	394
Discretionary tax-exempt	394
For subsidiaries of U.S. firms	47
Dedicated/immunized assets	47
Non-North American equity, active	7
No. of portfolio managers	5
Size of research staff	2

Hodgson Roberton Laing Ltd., a Canadian firm, is an active equity, active and passive bond, balanced, active international/global equity, short-term and TAA manager.

Its equity approach is bottom-up, using Graham & Dodd principles and sector rotation. Its primary fixed-income approach is passive, using interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 47% Canadian stocks, 8% U.S. stocks, 40% bonds and 5% cash.

J. Warren Laing is chief investment officer; Wayne Beazer is client contact.

Hoisington Investment Management Co.

1250 Capital of Texas Highway South, Building 3, Suite 600, Austin, Texas 78746; (512) 327-7200

	($ millions)
Total assets managed	1,850
Total tax-exempt assets	1,850
Discretionary tax-exempt	1,850
401(k)/457 assets managed	119
No. of portfolio managers	1

Hoisington Investment Management Co., an active bond manager, uses interest rate anticipation.

All assets Jan. 1 were in bonds.

Van. R. Hoisington is chief investment officer; David M. Hoisington is client contact.

Holbrook, Keeton Capital Management

301 N. Elm St., Suite 408, Greensboro, N.C. 27401; (919) 274-3202

	($ millions)
Total assets managed	38
Total tax-exempt assets	8
Discretionary tax-exempt	8
401(k)/457 plan assets	1
No. of portfolio managers	1
Size of research staff	1

Holbrook, Keeton Capital Management is an active equity, active bond and balanced manager.

Its equity approach is top-down, using growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 18% stocks, 10% bonds and 72% cash.

David L. Keeton is chief investment officer; Steven B. Holbrook is client contact.

Holland Capital Management

35 W. Wacker Drive, Suite 3260, Chicago, Ill. 60601; (312) 553-1000

	($ millions)
Total assets managed	43
Total tax-exempt assets	16
Discretionary tax-exempt	16
401(k)/457 assets managed	2
No. of portfolio managers	4
Size of research staff	4

Holland Capital Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, using growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 68% stocks, 26% bonds and 6% cash.

Louis A. Holland is chief investment officer and client contact.

Holt-Smith & Renk Inc.

Essex Square, Suite 204, 4274 E. Towne Blvd., Madison, Wis. 53704-3739; (608) 249-4488

	($ millions)
Total assets managed	20
Total tax-exempt assets	3
Discretionary tax-exempt	3
401(k)/457 assets managed	2
No. of portfolio managers	2
Size of research staff	2

Holt-Smith & Renk Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom-up, using growth

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and emerging growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 62% stocks, 35% bonds and 3% cash.

Marilyn Holt-Smith is chief investment officer and client contact.

Horsley Keogh Associates

505 Montgomery St., 21st Floor, San
Francisco, Calif. 94111; (415)
986-7733

	($ millions)
Total assets managed	665
Total tax-exempt assets	560
Discretionary tax-exempt	560

Horsley Keogh Associates is a venture capital manager.

All assets Jan. 1 were in venture capital.

Phillip Horsley is chief investment officer; Gary L. Bridge is client contact.

Hotchkis and Wiley

800 W. Sixth St., Suite 540, Los
Angeles, Calif. 90017; (213)
623-4073

	($ millions)
Total assets managed	4,468
Total tax-exempt assets	4,193
Discretionary tax-exempt	4,193
No. of portfolio managers	7

Hotchkis and Wiley is an active domestic and international/global equity, and balanced manager.

The equity approach is bottom-up, emphasizing low p/e stocks, Graham & Dodd research and yield. Its fixed-income approach uses yield curve analysis.

George Rebhan is client contact.

Hourglass Capital Management Inc.

400 N. St. Paul, Suite 840, Dallas,
Texas 75201; (214) 754-8750

	($ millions)
Total assets managed	94
Total tax-exempt assets	91
Discretionary tax-exempt	91
Mortgage-backed assets	1
No. of portfolio managers	4

Hourglass Capital Management Inc. is an active equity and balanced manager.

Its equity approach is top-down and bottom-up, using sector rotation and looking at growth.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 80% stocks, 15% bonds and 5% cash.

Hilton Hemphill is chief investment officer and client contact.

Howard and McInnes Inc.

248 E. Capitol St., Suite 820, P.O. Box
22866, Jackson, Miss. 39225-2866;
(601) 948-0952

	($ millions)
Total assets managed	2
Total tax-exempt assets	0.2
Discretionary tax-exempt	0.2
No. of portfolio managers	2

Howard and McInnes Inc. is an active equity manager whose approach is bottom-up and low p/e-oriented.

The asset mix Jan. 1 was 99.3% stocks and 0.7% cash.

Judith B. Howard is chief investment officer; Robert W. McInnes is client contact.

Howson Tattersall Investment Counsel

20 Queen St. W., Suite 1904, Toronto,
Ontatio M5H 3R3; (416) 979-1818

	($ millions)
Total assets managed	150
Total tax-exempt	96
Discretionary tax-exempt	96
For subsidiaries of U.S. firms	5
No. of portfolio managers	2

Howson Tattersall Investment Counsel, a Canadian firm, is an active equity, balanced and Canadian small-cap equity manager.

Its equity approach is bottom-up, using Graham & Dodd analysis.

The asset mix Jan. 1 was 98% Canadian stocks and 2% cash.

Robert Tattersall is chief investment officer and client contact.

Hutson Management Co.

477 Madison Ave, 14th Floor, New
York, N.Y. 10022; (212) 832-3540

	($ millions)
Total assets managed	420
Total tax-exempt assets	420
Discretionary tax-exempt	420
No. of portfolio managers	2
Size of research staff	4

Hutson Management Co. is an active equity manager whose approach is bottom-up and quantitative.

All assets Jan. 1 were in stocks.

Heinz Hutzler is chief investment officer; Lew Sonn is client contact.

Hyperion Capital Management Inc.

520 Madison Ave., 10th Floor, New
York, N.Y. 10022; (212) 980-8400

	($ millions)
Total assets managed	2,601
Total tax-exempt assets	541
Discretionary tax-exempt	541
Mortgage-backed assets	541
401(k)/457 assets managed	6
No. of portfolio managers	4
Size of research staff	1

Hyperion Capital Management Inc. is an active bond, short-term and enhanced index manager.

Its fixed-income approach uses sector and yield curve analyses.

All assets were in mortgage-backed securities Jan. 1.

The parent is Hyperion Holdings Inc.

Kenneth C. Weiss is chief investment officer; Sarah M. Brown is client contact.

Investment management software will be highlighted in the July 20 issue of *P&I*.

I

IBJ Schroder Bank & Trust

1 State St., New York, N.Y. 10004;
(212) 858-2397

	($ millions)
Total assets managed	1,151
Total tax-exempt assets	217
Discretionary tax-exempt	217
Mortgage-backed assets	20
401(k)/457 assets managed	30
No. of portfolio managers	5
Size of research staff	3

IBJ Schroder Bank & Trust Co. is an active equity, active bond, balanced, short-term and hedged equity/market-neutral manager.

Its equity approach is top-down and bottom-up, focusing on growth and sector rotation.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 55% stocks, 36% bonds and 9% mortgage-backed securities.

The parent is Industrial Bank of Japan.

Charles Porten is chief investment officer; Robert F. Deak is client contact.

ICM Asset Management Inc.

W. 601 Main Ave., Suite 917,
Spokane, Wash. 99201-9963; (509)
455-3588

	($ millions)
Total assets managed	152
Total tax-exempt assets	28
Discretionary tax-exempt	28
Mortgage-backed assets	0.6
401(k)/457 assets managed	1
No. of portfolio managers	5
Size of research staff	5

ICM Asset Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down and bottom-up, emphasizing low p/es and using Graham & Dodd analysis and sector rotation.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 43% stocks, 45% bonds, 10% cash and 2% mortgage-backed securities.

James M. Simmons is chief investment officer; Roland A. Herriges is client contact.

IDC Portfolio Management

300 Cottonwood Ave., Hartland, Wis.
53029; (414) 367-6868

	($ millions)
Total assets managed	279
Total tax-exempt assets	43
Discretionary tax-exempt	43
No. of portfolio managers	2
Size of research staff	2

IDC Portfolio Management Inc. is an active bond, short-term and GNMA mortgage manager.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 88% bonds, 12% cash.

John E. Rickmeier is chief investment officer; Brent N. Voldahl is client contact.

IDS Advisory Group

IDS Tower 10, Minneapolis, Minn.
55440; (612) 671-1335

	($ millions)
Total assets managed	9,623
Total tax-exempt assets	7,325
Discretionary tax-exempt	7,325
No. of portfolio managers	16
Size of research staff	38

HARRIS CONVERSATIONS FOR THE 90s:

THE SEARCH FOR SUPERIOR PERFORMANCE

A DISCUSSION ABOUT BENCHMARKING WITH ROBERT CAMP

Finding and implementing "best practices"—simply, the best methods your competitors and other companies use to manage people, bring a product to market, even handle paperwork—is the heart of benchmarking. And benchmarking is key to continuous improvement that will result in superior performance and a competitive edge.

That's the benchmarking gospel according to Robert C. Camp, manager of benchmarking competency for Xerox Corporation.

Executives recently met with Mr. Camp at Harris Bank to discuss how benchmarking can be a practical strategy with quantifiable results. The following is an excerpt from their conversation.

How do I juggle between all the things I know we need to benchmark and what we can afford to benchmark?

Think carefully about high priority areas. Your corporate mission statement should highlight those. Also get input from managers and staff.

Once your priorities are clear, select a project with a narrow scope. There's almost a direct correlation between the success of a project and how narrowly it's defined. What you want are substantive, credible best practices that will make a difference.

Also, make certain you actually start benchmarking instead of getting hung up on where to begin.

You'd be amazed at the number of benchmarking projects that end up as documents collecting dust on someone's bookcase.

How do you decide which companies have the best practices you should be looking for?

Ask your customers; their perceptions may surprise you. They may say a particular company is best, but you know that company's practices are less than leading edge.

In those instances, you may be competing with a company that's best at communicating a perception of excellence. So you need to separate reality from perception. Assemble a list of practices, take it to customers and ask them to prioritize it. When they're through, you'll have a list of fundamental customer requirements. Then you can go to industry associations, benchmarking articles, and vendors and suppliers to find the companies best at filling those requirements.

Should we create a separate benchmarking department to handle this work?

No. The people who work a process know it inside and out and are almost always the best qualified to analyze it. Plus, you want to ensure that those who must implement the changes participate in shaping them. Unless you get a strong employee commitment, you'll have all kinds of problems with implementation.

What do you do when you've identified a best practice? Import it into your own company?

Benchmarking does not mean just blindly copying what other companies do. You want to take advantage of your people's talent and say, "We found this best practice. Now tell us how we can implement it creatively and even go beyond it."

For example, how do you respond to a dissatisfied customer? L.L. Bean takes back any product a customer is unhappy with. That's clearly a best practice. But it isn't what Xerox customers wanted. They wanted their equipment to work, not their money back. So our customer guarantee now says that if you are dissatisfied with a Xerox product within three years of its purchase, we'll replace it until you're satisfied with the product.

How do I get people to benchmark when they may be benchmarking themselves out of a job?

The way you communicate is critical. "Productivity" is often associated with "reduction in force." However, "continuous improvement" simply means everyone working together to improve practices.

But don't people feel frustrated when you keep moving the goal line to success?

In a continuous effort, changing measurements shouldn't be that big a factor. You're elevating your plateau of operations, so the next objective isn't a measurement from where you originally started. It's a measurement from where you are now to the next objective. So you're not making quantum leaps, you're taking small, achievable steps.

Best practices are out there. By taking these small steps, you can find them, make them your own, and put your company on the path to superior performance.

This is the seventh in a series of Harris Conversations for the 90s sponsored by Harris Bank, a leading provider of corporate credit and other banking services to middle market and emerging major companies in the Midwest.

To receive a longer version of this discussion with Robert Camp, call Harris Bank at (312) 461-5554.

HARRIS BANK.

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IDS Advisory Group is an active domestic and international equity, active bond, balanced and enhanced index manager.

Its primary equity approach is top-down and growth-oriented, using market timing. Its primary fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 76% stocks, 17% bonds and 7% cash.

The parent is American Express Co.

Peter J. Anderson is chief investment officer; Diane K. Vener is client contact.

IDS Trust

2880 Multifoods Tower, Minneapolis,
Minn. 55402; (612) 671-1915

	($ millions)
Total assets managed	3,441
Total tax-exempt assets	3,441
Discretionary tax-exempt	3,441
Domestic equity, index	1
International equity, active	2
401(k)/457 assets managed	3,441
No. of portfolio managers	30
Size of research staff	33

IDS Trust is an active domestic and international equity, active bond, balanced and enhanced index manager.

Its equity approach is top-down and bottom-up, focusing on growth and emerging growth. In fixed-income, it uses sector and yield curve analyses.

The asset mix Jan. 1 was 12% stocks, 7% bonds, 9% cash and 72% GICs.

The parent is American Express Co.

Peter Anderson is chief investment officer; Ward Armstrong is client contact.

IDS Wealth Management Service

IDS Tower 10-T31/1169, Minneapolis,
Minn. 55440; (800) 437-7967

	($ millions)
Total assets managed	348
Total tax-exempt assets	30
Discretionary tax-exempt	30
International equity, active	1
No. of portfolio managers	3
Size of research staff	30

IDS Wealth Management Service is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing diversity. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 75% stocks, 7% bonds and 18% cash.

The parent is American Express Co.

William Dudley is chief investment officer; Steve Scharbarth is client contact.

Income Research & Management

155 Federal St., Boston, Mass. 02110;
(617) 350-7725

	($ millions)
Total assets managed	418
Total tax-exempt assets	418
Discretionary tax-exempt	418
No. of portfolio managers	2

Income Research Management is an active bond and short-term manager.

Its fixed-income approach uses sector and yield curve analyses.

All assets on Jan. 1 were in bonds.

John A. Sommers is chief investment officer; Robert C. Segee is client contact.

Independence Bank of Chicago

7936 S. Cottage Grove, Chicago, Ill.
60619; (312) 487-4700

	($ millions)
Total:	
Internal, discretionary	13
Assigned to other firms	13
Tax-exempt:	
Internal, discretionary	13
Assigned to other firms	13
No. of portfolio managers	3
Size of research staff	2

Independence Bank of Chicago, a manager of managers, offers active bond, short-term and economically targeted approaches.

The asset mix Jan. 1 was 70% bonds, 30% cash.

The parent is Indecorp Inc.

James Kochan is chief investment officer; L. Steven Radcliffe is client contact.

Independence Investment Associates Inc.

53 State St., 28th Floor, Boston, Mass.
02109; (617) 228-8700

	($ millions)
Total assets managed	8,591
Total tax-exempt assets	6,861
Discretionary tax-exempt	6,861
401(k)/457 assets managed	150
No. of portfolio managers	9
Size of research staff	10

Independence Investment Associates Inc. is an active equity, active bond, balanced and enhanced index manager.

Its equity approach is bottom-up and quantitative, looking at low p/es and growth.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 79% stocks, 18% bonds and 3% cash.

The parent is John Hancock Mutual Life Insurance Co.

William C. Fletcher is chief investment officer; Mark C. Lapman is client contact.

Independence One Capital Management Corp.

27777 Inkster Road, P.O. Box 9095,
MC 10-19, Farmington Hills, Mich.
48333; (313) 473-3300

	($ millions)
Total assets managed	2,065
Total tax-exempt assets	979
Discretionary tax-exempt	979
401(k)/457 assets managed	250
No. of portfolio managers	10
Size of research staff	5

Independence One Capital Management Corp. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, emphasizing low p/e.

Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 33% stocks and 67% bonds.

The parent is Michigan National Corp.

Josef Blass is chief investment officer; Barbara K. Baker is client contact.

Wm. A. Inskeep & Co.

12697 New Brittany Blvd., Fort Myers,
Fla. 33907; (813) 939-5161

	($ millions)
Total assets managed	30
Total tax-exempt assets	18
Discretionary tax-exempt	18
No. of portfolio managers	1

Wm. A. Inskeep & Co. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, using Graham & Dodd analysis and seeking growth and emerging growth companies.

Its fixed-income approach is risk averse with short maturities.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

William A. Inskeep is chief investment officer and client contact.

Institutional Capital Corp.

303 W. Madison St., Suite 1800,
Chicago, Ill. 60606; (312) 641-7200

	($ millions)
Total assets managed	1,838
Total tax-exempt assets	1,838
Discretionary tax-exempt	1,838
401(k)/457 assets managed	59
No. of portfolio managers	7
Size of research staff	4

Institutional Capital Corp. is an active equity and balanced manager.

Its equity approach is top-down and bottom-up, value-oriented and yield-based, uses sector rotation and emphasizing growth. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 52% stocks, 41% bonds and 7% cash.

Robert H. Lyon is chief investment officer; Gary S. Maurer is client contact.

Institutional Portfolio Services Ltd.

1 First National Plaza, Suite 2594,
Chicago, Ill. 60603; (312) 236-5388

	($ millions)
Total assets managed	100
Total tax-exempt assets	80
Discretionary tax-exempt	80
No. of portfolio managers	2

Institutional Portfolio Services Ltd. is an active equity and active bonds manager.

All assets are covered by options on a one-to-one basis.

The equity approach is top-down, emphasizing growth, Graham & Dodd analysis and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 70.2% stocks, 28.9% bonds and 0.9% cash.

B.P. Pai is chief investment officer; Denise M. Iwaniec is client contact.

Interinvest Corp.

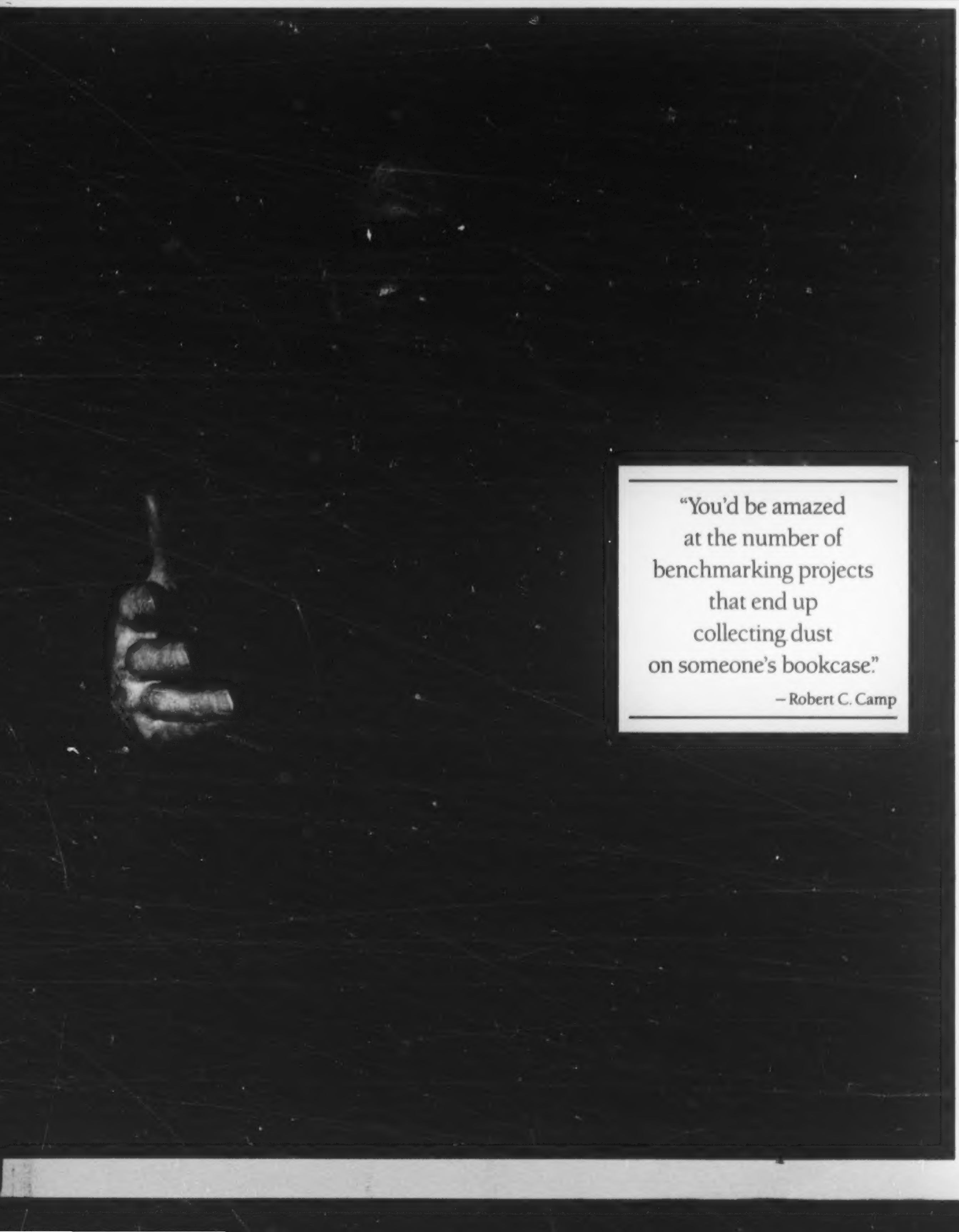
84 State St., 7th Floor, Boston, Mass.
02109; (617) 723-7870

	($ millions)
Total assets managed	128
Total tax-exempt assets	59
Discretionary tax-exempt	59
International equity, active	40
International bond, active	15
No. of portfolio managers	8
Size of research staff	4

Interinvest Corp. is an active equity, active bond, balanced and active international/global equity and bond manager.

Its equity approach is top-down and uses Graham & Dodd principles.

Its fixed-income approach is unhedged and uses interest rate anticipation.



The asset mix Jan. 1 was 50% stocks, 20% bonds and 30% cash.

Hans Black is chief investment officer; Ashley Rabun is client contact.

The International Trust Co.

Royal Bank Plaza, North Tower, 14th
Floor, Toronto, Ontario M5J 2J2;
(416) 865-0515

	($ millions)
Total assets managed	134
Total tax-exempt	85
Discretionary tax-exempt	49
For subsidiaries of U.S. firms	31
No. of portfolio managers	4

The International Trust Co., a Canadian firm, is an active equity, active bond, balanced and short-term manager.

Its equity approach is value-oriented, seeking low p/e stocks and using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 36.5% Canadian stocks, 11.5% U.S. stocks, 44% bonds, 8% cash.

The parent is Royal Bank of Canada.

Mohammed Mahmoodallah is chief investment officer; William A. Pascoe is client contact.

INVESCO Funds Group

7800 E. Union Ave., Suite 900,
Denver, Colo. 80237; (303)
779-1233

See entry for INVESCO MIM PLC (NORTH AMERICA).

INVESCO MIM Inc.

1315 Peachtree St., Suite 500,
Atlanta, Ga. 30309; (404) 892-0896

See entry for INVESCO MIM PLC (NORTH AMERICA).

INVESCO MIM PLC (North America)

1315 Peachtree St., Suite 500,
Atlanta, Ga. 30309; (404) 892-0896

	($ millions)
Total assets managed	34,499
Total tax-exempt assets	26,936
Discretionary tax-exempt	26,936
Equity real estate assets	308
Mortgage assets	67
Mortgage-backed assets	853
International equity, active	320
International bond, active	8
401(k)/457 assets managed	8,713
No. of portfolio managers	135
Size of research staff	9

INVESCO MIM PLC (North America) is an active domestic and international equity, active domestic and international bond, balanced, real estate, short-term, TAA and GIC manager.

The primary equity approach emphasizes growth and Graham & Dodd principles. Its fixed-income approach uses sector and yield curve analyses, is both hedged and unhedged and focuses on duration.

The asset mix Jan. 1 was 51% stocks, 12% bonds, 4.1% cash, 1.1% equity real estate, 0.2% mortgages, 2.6% mortgage-backed securities and 29% GICs.

The parent is INVESCO MIM PLC.

Charles W. Brady is chief investment officer; Carolyn C. Hughes is client contact.

The assets of the following firms are included in the data above.

- INVESCO MIM Inc. managed $16.942 billion in total assets and $15.679 billion in U.S., institutional, discretionary, tax-exempt assets. It offers active equity, active bond, balanced, short-term and TAA management.

Wendell M. Starke is chief investment officer; Carolyn C. Hughes is client contact.

- INVESCO Funds Group managed $5.807 billion in total assets and $402 million in U.S., institutional, discretionary, tax-exempt assets. It offers active equity, balanced and short-term management.

Dalton R. Sim is chief investment officer and client contact.

- PRIMCO Capital Management Inc. managed $8.8 billion in total and U.S., institutional, discretionary, tax-exempt assets. It offers GIC and GIC alternative management.

Vernon S. Hodge is chief investment officer; John J. Monahan is client contact.

- INVESCO Realty Advisors managed $375 million in total and U.S., institutional, discretionary, tax-exempt assets. It offers real estate management.

David A. Ridley is chief investment officer; Whitney O. Ward is client contact.

- Gardner and Preston Moss Inc. managed $1.773 billion in total assets and $1.292 billion in U.S., institutional, discretionary, tax-exempt assets. It offers active equity, active bond and balanced management.

Robert C. Shanley and William M. McCarthy are chief investment officers; Sue Ellen Whelan is client contact.

- INVESCO MIM International Inc. managed $802 million in total assets and $388 million in U.S., institutional, discretionary, tax-exempt assets. It offers active domestic and international equity, global balanced and emerging markets management.

Donald Walker is chief investment officer; Frank J. Keeler is client contact.

INVESCO MIM International

101 E. 52nd St., New York, N.Y.
10022; (212) 888-5820

See entry for INVESCO MIM PLC (NORTH AMERICA).

INVESCO Realty Advisors

5400 LBJ Freeway, Suite 1200,
Dallas, Texas 75240; (214)
715-7400

See entry for INVESCO MIM PLC (NORTH AMERICA).

Investment Advisers Inc.

1100 Dain Tower, P.O. Box 357,
Minneapolis, Minn. 55440; (612)
376-2600

	($ millions)
Total assets managed	10,325
Total tax-exempt assets	8,754
Discretionary tax-exempt	8,754
Mortgage-backed assets	826
International equity, active	30
International cash assets	6
401(k)/457 assets managed	904
No. of portfolio managers	13
Size of research staff	2

Investment Advisers Inc. is an active equity, active bond, balanced, short-term and venture capital manager. The firm offers active international equity and bond management through an affiliate.

Its equity approach is bottom-up.

The asset mix Jan. 1 was 33% stocks, 50% bonds, 8% cash and 9% mortgage-backed securities.

The parent is TSB Group PLC.

Noel Rahn is chief investment officer; I.P. "Kip" Kneiman is client contact.

Investment Advisors of Key Biscayne Inc.

240 Crandon Blvd., Suite 200, Key
Biscayne, Fla. 33149; (305)
361-7951

	($ millions)
Total assets managed	9
Total tax-exempt assets	2
Discretionary tax-exempt	2
No. of portfolio managers	2

Investment Advisors of Key Biscayne Inc. is an active equity, active bond, balanced, short-term and convertibles manager.

The equity approach is top-down, emphasizing growth. Its fixed-income approach is unhedged, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Ernestine McKay is chief investment officer and client contact.

The Investment Counsel Co.

56 E. Pine St., Suite 200, Orlando, Fla.
32801; (800) 848-4120

	($ millions)
Total assets managed	530
Total tax-exempt assets	453
Discretionary tax-exempt	453
No. of portfolio managers	3
Size of research staff	2

The Investment Counsel Co. is an active equity, active bond, balanced, short-term and enhanced index manager.

Its equity approach is bottom-up, stressing Graham & Dodd analysis and central value. Its fixed-income approach is indexed enhanced and duration neutral.

The asset mix Jan. 1 was 49% stocks, 39% bonds and 12% cash.

Fred Shockley is chief investment officer; Frank T. Guerriero is client contact.

Investment Counselors Inc.

1010 Market St., Suite 1540, St. Louis,
Mo. 63101; (314) 421-3080

	($ millions)
Total assets managed	387
Total tax-exempt assets	318
Discretionary tax-exempt	318
401(k)/457 assets managed	5
No. of portfolio managers	4
Size of research staff	2

Investment Counselors Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up.

The asset mix Jan. 1 was 70% stocks, 27% bonds and 3% cash.

Mark J. Deschaine is chief investment officer; Marnie E. Warnecke is client contact.

Investment Counselors of Maryland

803 Cathedral St., Baltimore, Md.
21201; (410) 539-3838

	($ millions)
Total assets managed	3,702
Total tax-exempt assets	3,186
Discretionary tax-exempt	3,186
Mortgage-backed assets	433
International equity, active	37
No. of portfolio managers	7
Size of research staff	3

Investment Counselors of Maryland is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, low p/e-oriented and quantitative.

Its fixed-income approach is uses interest rate anticipation and sector and yield curve analyses.

The parent is United Asset Management.

Craig Lewis is chief investment officer; Robert B. Russell II is client contact.

Managers using overlay programs

($ millions*)

Firm	All assets in overlay programs	Underlying assets managed internally
First Capital Strategists	9,000	0
J.P. Morgan	8,094	4,603
Loomis Sayles	5,000	225
State Street Bank	4,842	2,642
Standish, Ayer & Wood	3,000	0
BEA	2,943	179
First Quadrant	2,860	1,523
Rothschild Asset	2,662	391
Oppenheimer Capital	2,597	1,123
Leland O'Brien Rubinstein	2,300	659
PanAgora	2,280	0
Columbus Circle	2,000	2,000
Wells Fargo Nikko	2,000	2,000
TSA Capital	1,624	505
Quantilogic Asset	1,576	0
GE Investments	1,500	1,500
Bankers Trust	1,424	1,424
Strategic Investment Partners	1,397	27
Balch, Hardy, Scheinman	1,200	0
FX Concepts	1,058	0
Darien Capital	1,050	0
Boston International	1,003	1,003
Acorn Asset	1,000	0
Matuschka	717	0
Analytic Investment	681	681
Bank of New York	500	500
Pareto Partners	496	496
Goldman Sachs	458	458
Franklin Advisers	417	417
Franklin Institutional	417	417
Citicorp Global Asset	380	380
Jacobs Levy Equity	339	339
Massachusetts Financial	332	332
Discount Corp. of New York	310	310
Avatar Associates	296	41
Clifton Group	246	37
John Hancock Financial	200	0
RCB International	183	0
Travelers	180	180
Global Fixed Income	176	176
Twin Capital	149	149
Kennedy Capital	126	126
RXR Capital	125	125
Central Carolina Bank	85	85
Institutional Portfolio	80	80
Rock Capital	59	59
Morgan Grenfell Investments	55	12
UBS Asset	50	50
Statistical Sciences	30	30
Union Capital	30	30
Prime Asset	29	29
Barclay Capital	20	20
First Boston	20	20
SBC Portfolio	19	19
MPT Associates	12	12
Total	**69,627**	**25,414**

*Discretionary tax-exempt assets

Investment Management Associates Inc.

5251 DTC Parkway, Suite 1210,
Englewood, Colo. 80111; (303)
796-8333

	($ millions)
Total assets managed	123
Total tax-exempt assets	52
Discretionary tax-exempt	52
401(k)/457 assets managed	2
No. of portfolio managers	4
Size of research staff	4

Investment Management Associates Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, stressing growth and low p/es. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 70% stocks, 10% bonds and 20% cash.

Michael L. Conn is chief investment officer; James M. Parker is client contact.

Investment Research Co.

111 W. Jackson Blvd., 15th Floor,
Chicago, Ill. 60604; (312) 930-3944

	($ millions)
Total assets managed	898
Total tax-exempt assets	800
Discretionary tax-exempt	800
No. of portfolio managers	2
Size of research staff	2

Investment Research Co. is an active equity, enhanced index and hedged accounts manager.

Its equity approach is bottom-up, yield-based and quantitative, seeking low p/e stocks.

All assets on Jan. 1 were in stocks.

F.J. (Jerry) Gould is chief investment officer and client contact.

Investors Asset Management Inc.

2419-A Coit Road, Plano, Texas
75075; (214) 985-7162

	($ millions)
Total assets managed	16
Total tax-exempt assets	4
Discretionary tax-exempt	4
International equity, active	1
401(k)/457 assets managed	1
No. of portfolio managers	2
Size of research staff	2

Investors Asset Management Inc. is an active equity, active bond, balanced, active international/global equity and socially responsible manager.

Its equity approach is bottom-up, with social screens applied for some accounts.

The asset mix Jan. 1 was 50% stocks, 45% bonds, 5% cash.

David Keeler is client contact.

Investors Group Trust Co.

447 Portage Ave., Winnipeg, Manitoba
R3C 3B6; (204) 943-0361

	($ millions)
Total assets managed	294
Total tax-exempt	294
Discretionary tax-exempt	294
Equity real estate assets	1
Mortgage assets	112
No. of portfolio managers	9

Investors Group Trust Co. Ltd., a Canadian firm, is an active equity, active bond and short-term manager.

Its equity approach is bottom-up with a growth and low p/e emphasis, using sector rotation. Its fixed-income approach is unhedged, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 15.5% Canadian stocks, 2% U.S. stocks, 30.5% bonds, 13.7% cash, 0.3% equity real estate, 38% mortgages.

The parent is Investors Group Inc.

Richard E. Archer is chief investment officer; Janice L. Penner is client contact.

Investors Research Co.

1900 State St., Suite H, Santa
Barbara, Calif. 93101; (805)
569-1078

	($ millions)
Total assets managed	105
Total tax-exempt assets	6
Discretionary tax-exempt	6
No. of portfolio managers	3
Size of research staff	2

Investors Research Co. is an active equity and balanced manager.

The equity approach is top-down, emphasizing growth and using market timing. Its fixed-income approach is active, using interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 98% stocks, 1% bonds and 1% cash.

Edgar T. Wells Jr. is chief investment officer; Thomas H. Hanson is client contact.

Ivory & Sime International

39 Main St., Chatham, N.J. 07928;
(201) 635-6700

	($ millions)
Total assets managed	237
Total tax-exempt assets	198
Discretionary tax-exempt	198
International equity, active	190
No. of portfolio managers	28

Ivory & Sime International Inc. is an active international/global equity and ADR manager.

Its equity approach is bottom-up, emphasizing growth and emerging growth.

The asset mix Jan. 1 was 96% stocks, 4% cash.

The parents are Ivory & Sime PLC and Jamison, Eaton & Wood.

Keith H. Wood is chief investment officer and client contact.

J

Jacobs Levy Equity Management Inc.

280 Corporate Center, 3 ADP Blvd.,
Roseland, N.J. 07068; (201)
716-0066

	($ millions)
Total assets managed	946
Total tax-exempt assets	772
Discretionary tax-exempt	772
No. of portfolio managers	2
Size of research staff	2

Jacobs Levy Equity Management Inc. is an active equity, market neutral long/short, equitized long/short and hedged equity manager.

Its equity approach is quantitative, seeking market inefficiencies.

The firm also has $339 million in an S&P 500 futures overlay strategy.

All assets Jan. 1 were in stocks Jan. 1.

Bruce I. Jacobs and Kenneth N. Levy are chief investment officers; Mr. Jacobs is client contact.

James Investment Research

P.O. Box 8, Alpha, Ohio 45301; (513)
426-7640

	($ millions)
Total assets managed	710
Total tax-exempt assets	445
Discretionary tax-exempt	445
401(k)/457 assets managed	125
No. of portfolio managers	5
Size of research staff	7

James Investment Research Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down, focusing on low p/es and neglected stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

Frank James Jr. is chief investment officer; Diane M. Rose is client contact.

Jamison, Eaton & Wood Inc.

39 Main St., Chatham, N.J. 07928;
(201) 635-6700

	($ millions)
Total assets managed	504
Total tax-exempt assets	262
Discretionary tax-exempt	262
No. of portfolio managers	7

Jamison, Eaton & Wood Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down and bottom-up with a growth emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 54% stocks, 42% bonds and 4% cash.

Keith H. Wood is chief investment officer; Ernest Cruikshank III is client contact.

Janus Capital Corp.

100 Fillmore St., Suite 300, Denver,
Colo. 80206; (800) 624-5906

	($ millions)
Total assets managed	8,542
Total tax-exempt assets	1,077
Discretionary tax-exempt	1,077
401(k)/457 assets managed	225
No. of portfolio managers	3
Size of research staff	7

Janus Capital Corp. is an active domestic and international equity and active bond manager.

Its equity approach is bottom-up and growth-oriented.

The asset mix Jan. 1 was 95% stocks, 5% bonds.

The parent is Kansas City Southern Industries.

Thomas H. Bailey is chief investment officer; Mark B. Whiston is client contact.

JCW Investments Inc.

10 Wilsey Square, Ridgewood, N.J.
07450; (201) 670-1111

	($ millions)
Total assets managed	33
Total tax-exempt assets	11
Discretionary tax-exempt	11
401(k)/457 assets managed	1
No. of portfolio managers	4
Size of research staff	4

JCW Investments Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down, bottom-up, seeking growth and identifying value both on a low p/e and Graham & Dodd basis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 49% bonds and 1% cash.

John C. Weiner Jr. is chief investment officer; Robert C. Weiner is client contact.

Jennison Associates Capital

466 Lexington Ave., New York, N.Y.
10017; (212) 421-1000

	($ millions)
Total assets managed	22,348
Total tax-exempt assets	22,326
Discretionary tax-exempt	22,326
Dedicated/immunized assets	3,584
No. of portfolio managers	10
Size of research staff	6

Jennison Associates Capital Corp. is an active equity, active and passive bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth. Its primary fixed-income approach is active.

The asset mix Jan. 1 was 50% stocks, 46% bonds and 4% cash.

The parent is Prudential Insurance Co. of America.

Spiros Segalas is chief investment officer; John H. Hobbs is client contact.

Jenswold King & Associates

1980 Post Oak Blvd., Suite 2400, 2
Post Oak Central, Houston, Texas
77063; (713) 961-0462

	($ millions)
Total assets managed	483
Total tax-exempt assets	237
Discretionary tax-exempt	237
No. of portfolio managers	5

Jenswold, King & Associates Inc. is an active equity and balanced manager.

Its equity approach is bottom-up and emphasizes low p/e stocks. For fixed income, interest rate anticipation is used.

The asset mix Jan. 1 was 75% stocks, 20% bonds and 5% cash.

Roger E. King is chief investment officer and client contact.

JMB Institutional Realty

900 N. Michigan Ave., Suite 1800,
Chicago, Ill. 60611-1585; (312)
915-1900

	($ millions)
Total assets managed	8,818
Total tax-exempt assets	8,751
Discretionary tax-exempt	8,273
Equity real estate assets	8,273
No. of portfolio managers	18
Size of research staff	30

JMB Institutional Realty Corp. is a real estate manager that buys quality properties with strong current income and potential for appreciation.

All assets on Jan. 1 were in equity real estate.

Jerome J. Claeys III is chief investment officer; William L. Ramseyer is client contact.

JMC Capital Management

3850 N. Causeway Blvd., Suite 1400,
Metaire, La. 70002; (504) 833-1111

	($ millions)
Total assets managed	544
Total tax-exempt assets	497
Discretionary tax-exempt	497
No. of portfolio managers	7

JMC Capital Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, using sector rotation and growth stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 80% stocks, 12% bonds and 8% cash.

Franklin H. Jones Jr. is chief investment officer; Earl Johnson Jr. is client contact.

Johnson Investment Counsel Inc.

5556 Cheviot Road, Cincinnati, Ohio
45247; (513) 385-4001

	($ millions)
Total assets managed	951
Total tax-exempt assets	620
Discretionary tax-exempt	620
Mortgage-backed assets	3
International equity, active	9
International bond, active	4
No. of portfolio managers	7
Size of research staff	4

Johnson Investment Counsel Inc. is an active equity, active and passive bond, balanced, short-term and convertibles manager.

Its equity approach is top-down, using sector rotation and seeking growth stocks. Its primary fixed-income approach is active, using sector analysis.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Timothy E. Johnson is chief investment officer; Scott F. Muhlhauser is client contact.

Tom Johnson Investment Management Inc.

2 Leadership Square, Sutie 450, 211
N. Robinson, Oklahoma City, Okla.
73102; (405) 236-2111

	($ millions)
Total assets managed	1,377
Total tax-exempt assets	1,279
Discretionary tax-exempt	1,279
401(k)/457 assets managed	160
No. of portfolio managers	7

Tom Johnson Investment Management Inc. is an active equity, active bond, balanced and TAA manager.

Its equity approach combines a top-down, sector rotational style with a relative valuation approach.

Its fixed-income approach is conservative and low risk based primarily on interest rate anticipation.

The asset mix Jan. 1 was 72% stocks, 28% bonds.

Thomas E. Johnson is chief investment officer; Richard H. Parry is client contact.

International directory: June 22.

Jones Lang Wootton Realty Advisors

101 E. 52nd St., New York, N.Y.
10022; (212) 688-8181

	($ millions)
Total assets managed	2,750
Total tax-exempt assets	1,750
Discretionary tax-exempt	750
Equity real estate assets	750
No. of portfolio managers	4
Size of research staff	5

Jones Lang Wootton Realty Advisors is a real estate manager.

All assets were in equity real estate Jan. 1.

John Weisz is chief investment officer and client contact.

Jundt Associates Inc.

1550 Utica Ave. S., Suite 950,
Minneapolis, Minn. 55416; (612)
541-0677

	($ millions)
Total assets managed	3,506
Total tax-exempt assets	3,007
Discretionary tax-exempt	3,007
International equity, active	189
International bond, active	1
International cash assets	3
No. of portfolio managers	3

Jundt Associates Inc., an active equity manager, uses a bottom-up approach emphasizing growth and emerging growth stocks.

The asset mix Jan. 1 was 78% stocks, 22% cash.

James R. Jundt is chief investment officer and client contact.

Jurika & Voyles Inc.

1999 Harrison St., Suite 700, Oakland,
Calif. 94612; (510) 446-1991

	($ millions)
Total assets managed	340
Total tax-exempt assets	165
Discretionary tax-exempt	161
Mortgage-backed assets	1
International equity, active	32
401(k)/457 assets managed	12
No. of portfolio managers	5
Size of research staff	7

Jurika & Voyles Inc. is an active equity, balanced and passive bond manager.

Its equity approach is bottom-up, emphasizing low p/e, growth and smaller-capitalization stocks. Its

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fixed-income approach uses interest rate anticipation and is unhedged.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

William K. Jurika is chief investment officer; Karl O. Mills is client contact.

Justin Asset Management
4350 N. Fairfax Drive, Arlington, Va.
22203; (703) 276-8881

	($ millions)
Total assets managed	50
Total tax-exempt assets	12
Discretionary tax-exempt	12
No. of portfolio managers	3
Size of research staff	1

Justin Asset Management Inc. is an active and passive equity, passive bond and balanced manager.

Its equity approach is bottom-up, seeking growth through Graham & Dodd methods. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Benjamin J. Peress is chief investment officer; Allen C. Outlaw is client contact.

K

Kahn Brothers & Co. Inc.
1 Exchange Plaza, New York, N.Y.
10006; (212) 269-7450

	($ millions)
Total assets managed	854
Total tax-exempt assets	295
Discretionary tax-exempt	180
No. of portfolio managers	9

Kahn Brothers & Co. Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach uses Graham & Dodd analysis.

The asset mix Jan. 1 was 35% stocks, 47% bonds and 18% cash.

Alan R. Kahn is chief investment officer; Thomas G. Kahn is client contact.

Kanawha Capital Management Inc.
1301 N. Hamilton St., Suite 105,
Richmond, Va. 23230; (804)
359-3900

	($ millions)
Total assets managed	215
Total tax-exempt assets	57
Discretionary tax-exempt	57
401(k)/457 assets managed	3
No. of portfolio managers	5

Kanawha Capital Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a growth emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 65% stocks and 35% bonds.

Paul C. Munson is chief investment officer; Charles K. Fox is client contact.

Kankaku Capital Management Corp.
1 World Financial Center, 18th Floor,
New York, N.Y. 10281; (212)
587-7654

	($ millions)
Total assets managed	92
Total tax-exempt assets	49
Discretionary tax-exempt	49

Kankaku Capital Management Corp. is an active international/global equity manager specializing in the pan-Pacific Basin.

The parent is Kankaku Capital Management Co. Ltd.

Kenji Ishida is chief investment officer and client contact.

Kanne, Paris & Hoban Inc.
135 S. LaSalle St., Suite 1912,
Chicago, Ill. 60603; (312) 372-2255

	($ millions)
Total assets managed	59
Total tax-exempt assets	37
Discretionary tax-exempt	37
No. of portfolio managers	3
Size of research staff	1

Kanne, Paris & Hoban Inc., an active health/pharmaceutical equities manager, takes a bottom-up and quantitative approach, emphasizing growth and low p/e stocks.

The asset mix Jan. 1 was 94.4% stocks and 5.6% cash.

Jeffrey E. Kanne is chief investment officer; Catherine A. Burnett is client contact.

Karpus Investment Management
5 Tobey Village Office Park, Pittsford,
N.Y. 14534; (716) 586-4680

	($ millions)
Total assets managed	133
Total tax-exempt assets	60
Discretionary tax-exempt	60
Mortgage assets	2
International bond, active	22
401(k)/457 assets managed	5
No. of portfolio managers	2
Size of research staff	3

Karpus Investment Management is an active domestic and international/global bond, short-term and convertibles manager.

Its fixed-income approach uses sector and yield curve analyses and international diversification.

The asset mix Jan. 1 was 72% bonds, 25% cash and 3% mortgages.

George W. Karpus is chief investment officer; Alan S. Pine is client contact.

Karsten Realty Advisors
12121 Wilshire Blvd., Suite 900, Los
Angeles, Calif. 90025; (310)
826-0035

	($ millions)
Total assets managed	705
Total tax-exempt assets	593
Discretionary tax-exempt	593
Equity real estate assets	563
Mortgage assets	30
No. of portfolio managers	6
Size of research staff	2

Karsten Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 95% equity real estate and 5% mortgages.

Robert A. Feren is chief investment officer; Lynda J. Fulton and David G. Dill are client contacts.

KAS Investment Consultants
13005 S.E. 46th, Bellevue, Wash.
98006; (206) 641-7645

	($ millions)
Total assets managed	9
Total tax-exempt assets	4
Discretionary tax-exempt	4
No. of portfolio managers	2
Size of research staff	1

KAS Investment Consultants is an active equity, active bond and balanced manager.

Its equity approach seeks growth using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 69% stocks, 23% bonds and 8% cash.

R.J. Wells-Henderson is chief investment officer; Richard L. Wilkens is client contact.

Kayne, Anderson Investment Management
1800 Avenue of the Stars, Los
Angeles, Calif. 90067; (310)
556-2721

	($ millions)
Total assets managed	550
Total tax-exempt assets	88
Discretionary tax-exempt	88
401(k)/457 assets managed	1

Kayne, Anderson Investment Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a rising dividends philosophy. Its fixed-income approach uses sector, yield curve and credit analyses, laddered maturities and intermarket swaps.

The asset mix Jan. 1 was 61% stocks, 33% bonds and 6% cash.

Allan M. Rudnick is chief investment officer; Roy Reeves and Stephen Rigali are client contacts.

John S. Keenlyside & Co.
622-470 Granville St., Vancouver,
British Columbia V6C 1V5; (604)
688-2378

	($ millions)
Total assets managed	50
Total tax-exempt	10
Discretionary tax-exempt	10
No. of portfolio managers	1

John S. Keenlyside & Co. Ltd., a Canadian firm, is an active equity, active bond and balanced manager.

Its equity approach is top-down with a growth emphasis, using sector rotation and market timing. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 25% Canadian stocks, 12% U.S. stocks, 53% bonds, 10% cash.

John Keenlyside is chief investment officer and client contact.

Kemper Asset Management
120 S. LaSalle, Chicago, Ill. 60603;
(312) 781-6871

	($ millions)
Total assets managed	3,841
Total tax-exempt assets	3,425
Discretionary tax-exempt	3,425
International bond, active	1,450
No. of portfolio managers	24
Size of research staff	33

Kemper Asset Management is an active equity, active domestic and international/global bond, balanced, and short-term manager.

Its equity approach is bottom-up, emphasizing growth. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 47% stocks, 49% bonds and 4% cash.

The parent is Kemper Financial Services Inc.

John E. Angley is chief investment officer; James S. Cusick is client contact.

25 largest managers of mortgage-backed securities

Firm	$ mils.*
Franklin Institutional	20,138
Pacific Investment	9,498
Franklin Advisers	6,072
Transamerica Investment	4,296
J.P. Morgan	4,008
Lincoln National	3,833
Aetna Life	3,197
Miller, Anderson	2,788
Standish, Ayer & Wood	2,690
Duff & Phelps	2,546
GE Investments	2,313
Massachusetts Mutual	2,271
RCM Capital	2,160
Boston Co.	1,970
Glenmede Trust	1,957
T. Rowe Price	1,785
Mellon Bond	1,714
Trust Co./West	1,682
Equitable Capital	1,622
State Street Research	1,618
New York Life	1,544
Pacific Mutual	1,542
Scudder, Stevens	1,450
Bear Stearns	1,412
Boatmen's Trust	1,400
Total	[illegible]

*Discretionary tax-exempt assets

Kemper Financial Services
120 S. LaSalle, Chicago, Ill. 60603;
(312) 781-6871

	($ millions)
Total assets managed	62,421
Total tax-exempt assets	5,678
Discretionary tax-exempt	5,678
401(k)/457 assets managed	420
No. of portfolio managers	24
Size of research staff	33

Kemper Financial Services Inc. is an active equity, active bond, balanced, real estate, active international/global equity and bond, short-term and venture capital manager.

Its equity approach is bottom-up, emphasizing growth. Its fixed-income approach employs sector analysis.

The parent is Kemper Corp.

Stephen B. Timbers is chief investment officer; John E. Peters is client contact.

Kempner Capital Management Inc.
P.O. Box 119, Galveston, Texas
77553; (409) 765-6671

	($ millions)
Total assets managed	667
Total tax-exempt assets	436
Discretionary tax-exempt	186
401(k)/457 plan assets	12
No. of portfolio managers	2

Kempner Capital Management Inc. is an active equity, balanced and convertible manager.

Its equity approach is value-oriented, seeking low p/e stocks and using Graham & Dodd analysis. Its fixed-income approach is passive.

The asset mix Jan. 1 was 77% stocks and 23% bonds.

Harris L. Kempner Jr. is chief investment officer; Donna Gindrup is client contact.

Kennedy Associates Inc.
2400 Financial Center Building,
Seattle, Wash. 98161; (206)
624-9640

	($ millions)
Total assets managed	3,171
Total tax-exempt assets	3,171
Discretionary tax-exempt	3,171
Equity real estate assets	1,212
No. of portfolio managers	6
Size of research staff	3

Kennedy Associates Inc. is an active equity, active bond, balanced, real estate, short-term and enhanced index manager.

Its equity approach stresses low p/es. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 10% stocks, 52% bonds and 38% equity real estate.

Duff Kennedy is chief investment officer; Ronald D. Roberts is client contact.

Kennedy Capital Management
425 N. New Ballas, St. Louis, Mo.
63141; (314) 432-0400

	($ millions)
Total assets managed	130
Total tax-exempt assets	115
Discretionary tax-exempt	115
International equity, active	3
International cash assets	1
401(k)/457 assets managed	4
No. of portfolio managers	3
Size of research staff	2

Kennedy Capital Management is an active equity, balanced, short-term and TAA manager.

Its equity approach is bottom-up and yield based, looking at low p/es and growth. Its fixed-income approach is passive and uses yield curve analysis.

The asset mix Jan. 1 was 97% stocks, 3% cash.

Gerald T. Kennedy is chief investment officer; Pat Row is client contact.

Kensington Realty Advisors
541 N. Fairbanks Court, Suite 2020,
Chicago, Ill. 60611; (312) 649-5950

	($ millions)
Total assets managed	728
Total tax-exempt assets	728
Discretionary tax-exempt	728
Equity real estate assets	728
No. of portfolio managers	6
Size of research staff	1

Kensington Realty Advisors Inc. is a real estate manager.

All assets were in equity real estate Jan. 1.

James S. Smith and James S. Lee are chief investment officers; Ronald A. Gold is client contact.

The Kenwood Group Inc.
77 W. Washington, Suite 1615,
Chicago, Ill. 60602; (312) 368-1666

	($ millions)
Total assets managed	23
Total tax-exempt assets	22
Discretionary tax-exempt	22
No. of portfolio managers	2
Size of research staff	1

The Kenwood Group Inc., an active equity manager, uses a bottom-up approach, market timing and low p/e stocks.

The asset mix Jan. 1 was 88% stocks, 12% cash.

Barbara L. Bowles is chief investment officer; Jacqueline M. Ward is client contact.

Keystone Investment Management Corp.
99 High St., Boston, Mass. 02110;
(617) 338-3600

	($ millions)
Total assets managed	600
Total tax-exempt assets	466
Discretionary tax-exempt	466
No. of portfolio managers	8

Keystone Investment Management Corp. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and quantitative, and seeks low p/e stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 70% stocks and 30% bonds.

The parent is Keystone Group Inc.

Loren M. Wood is chief investment officer; Jeffrey W. Smith is client contact.

Luther King Capital Management
301 Commerce, Suite 1600, Fort
Worth, Texas 76102; (817)
332-3235

	($ millions)
Total assets managed	4,968
Total tax-exempt assets	3,669
Discretionary tax-exempt	3,669
No. of portfolio managers	7
Size of research staff	5

Luther King Capital Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, stressing growth and low p/es. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 76.8% stocks, 16.7% bonds and 6.5% cash.

J. Luther King Jr. is chief investment officer; Emmett M. Murphy is client contact.

Kirr, Marbach & Co.
621 Washington St., Columbus, Ind.
47201; (812) 376-9444

	($ millions)
Total assets managed	482
Total tax-exempt assets	347
Discretionary tax-exempt	347
401(k)/457 assets managed	2
No. of portfolio managers	5
Size of research staff	1

Kirr, Marbach & Co. is an active equity, active bond and balanced manager.

Its equity approach is top-down, emphasizing low p/es stock. Fixed-income portfolios are unhedged.

The asset mix Jan. 1 was 71.6% stocks, 21.6% bonds and 6.8% cash.

Gregg T. Summerville is chief investment officer; David M. Kirr is client contact.

Kleinwort Benson International Investment
200 Park Ave., New York, N.Y. 10166;
(212) 351-5800

	($ millions)
Total assets managed	560
Total tax-exempt assets	330
Discretionary tax-exempt	330
International equity, active	308
International cash	22
No. of portfolio managers	8
Size of research staff	66

Kleinwort Benson International Investment Ltd. is an international/global active equity and Australian fixed-income manager.

Its equity approach is bottom-up. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 93.2% stocks, 0.1% bonds and 6.7% cash.

The parent is Kleinwort Benson Investment Management Holdings.

Alastair C. Begg is chief investment officer; Simon G. Fenton is client contact.

Knight, Bain, Seath & Holbrook Capital Management Inc.
1 Toronto St. Suite 708, Toronto,
Ontario M5C 2V6; (416) 863-1433

	($ millions)
Total assets managed	2,851
Total tax-exempt	2,851
Discretionary tax-exempt	2,851
For subsidiaries of U.S. firms	660
No. of portfolio managers	4
Size of research staff	3

Knight, Bain, Seath & Holbrook Capital Management Inc., a Canadian firm, is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, emphasizing growth and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

D. Knight, R. Holbrook, P. Pennal and M. Waring are chief investment officers; Mr. Pennal is client contact.

KR Capital Advisors Inc.
450 Park Ave., 30th Floor, New York,
N.Y. 10022; (212) 888-6300

	($ millions)
Total assets managed	742
Total tax-exempt assets	707
Discretionary tax-exempt	707
401(k)/457 assets managed	38
No. of portfolio managers	3

KR Capital Advisors Inc., an active equity manager, uses a bottom-up approach seeking low p/es, free cash flow and significant managerial ownership.

The asset mix Jan. 1 was 89% stocks, 1% bonds and 10% cash.

Edward D. Klein is chief investment officer and client contact.

Kunath Karren Rinne & Atkin
1000 Second Ave., Suite 4000,
Seattle, Wash. 98104-1054; (206)
621-7400

	($ millions)
Total assets managed	213
Total tax-exempt assets	61
Discretionary tax-exempt	61
401(k)/457 assets managed	5
No. of portfolio managers	4

Kunath Karren Rinne & Atkin Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach uses sector rotation and low p/e stocks, and looks at growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 20% stocks, 68% bonds and 12% cash.

Jeffrey Atkin is chief investment officer; Bruce E. Rinne is client contact.

L

Lang Asset Management
115 Perimeter Center Place, Suite
990, Atlanta, Ga. 30346; (404)
804-7990

	($ millions)
Total assets managed	32
Total tax-exempt assets	20
Discretionary tax-exempt	20
No. of portfolio managers	1
Size of research staff	1

Lang Asset Management is an active domestic and international/global equity, active and passive bond and balanced manager.

Its equity approach is quantitative, and uses Graham & Dodd analysis. Its primary fixed-income approach is active.

The asset mix Jan. 1 was 64% stocks, 20% bonds and 16% cash.

Robert B. Lang is chief investment officer; Robert L. Harwell is client contact.

LaSalle Advisors Ltd.
11 S. LaSalle St., Chicago, Ill. 60603;
(312) 782-5800

	($ millions)
Total assets managed	3,800
Total tax-exempt assets	3,800

Discretionary tax-exempt	2,300
Equity real estate assets	2,300
No. of portfolio managers	38
Size of research staff	10

LaSalle Advisors Ltd. is a real estate manager.

All assets were in equity real estate Jan. 1.

The parent is LaSalle Partners Ltd.

Kenneth M. Campia is chief investment officer; Brooke Brady, Christopher J. Burke, Hugh E. Reams, Markus Trice and William N. Thompson are client contacts.

LaSalle Street Capital Management Ltd.

10 S. LaSalle St., Suite 3701,
Chicago, Ill. 60603; (312) 220-7550

	($ millions)
Total assets managed	1,267
Total tax-exempt assets	978
Discretionary tax-exempt	895
Mortgage-backed assets	37
No. of portfolio managers	9

LaSalle Street Capital Management Ltd. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, focusing on growth.

The asset mix Jan. 1 was 53.3% stocks, 37.9% bonds, 4.8% cash and 4% mortgage-backed securities.

The parent is LaSalle National Trust N.A./ABN AMRO.

Jan B. Persson is chief investment officer; Marisa C. Adrian is client contact.

Latimer & Buck Inc.

121 S. Broad St., Philadelphia, Pa.
19107; (215) 985-3917

	($ millions)
Total assets managed	1,300
Total tax-exempt assets	1,300
Discretionary tax-exempt	723
Equity real estate assets	197
Mortgage assets	526
No. of portfolio managers	5

Latimer & Buck Inc. is a real estate and commercial mortgage manager.

The asset mix Jan. 1 was 42% equity real estate and 58% mortgages.

The parent is Legg Mason Inc.

Douglas S. Callantine is chief investment officer; M. Andrew Sheffler is client contact.

C.J. Lawrence Investment Management

1290 Avenue of the Americas, New
York, N.Y. 10104; (800) 334-1898

	($ millions)
Total assets managed	310
Total tax-exempt assets	39
Discretionary tax-exempt	39
No. of portfolio managers	8
Size of research staff	28

C.J. Lawrence Investment Management is an active equity, active bond, balanced and TAA manager.

Its equity approach is top-down and bottom-up, using low p/e stocks and market timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks and 50% bonds.

The parent is Deutsche Bank.

James Moltz is chief investment officer; Bruce Benedict is client contact.

Lazard Freres Asset Management

1 Rockefeller Plaza, New York, N.Y.
10020; (212) 632-6000

	($ millions)
Total assets managed	17,784
Total tax-exempt assets	15,418
Discretionary tax-exempt	15,418
Dedicated/immunized assets	294
Mortgage-backed assets	268
International equity, active	1,600
401(k)/457 assets managed	131
No. of portfolio managers	23
Size of research staff	8

Lazard Freres Asset Management is an active domestic and international/global equity, active bond and balanced manager.

Its equity approach is bottom-up, using low p/e stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 67% stocks, 26% bonds and 7% cash.

The parent is Lazard Freres & Co.

Herbert Gullquist is chief investment officer; Anthony J. Dote and Mark Hamilton are client contacts.

WR Lazard & Co.

14 Wall St., New York, N.Y. 10005;
(212) 406-2700

	($ millions)
Total assets managed	2,053
Total tax-exempt assets	2,053
Discretionary tax-exempt	2,053
Domestic bond, index	824
Mortgage-backed assets	16
No. of portfolio managers	5
Size of research staff	4

WR Lazard & Co. is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is growth-oriented. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 10% stocks, 88% bonds, 1% cash and 1% mortgage-backed securities.

Wardell R. Lazard is chief investment officer; Frankie D. Hughes is client contact.

R.M. Leary & Co. Inc.

3300 E. First Ave., Suite 290, Denver,
Colo. 80206; (303) 320-1063

	($ millions)
Total assets managed	44
Total tax-exempt assets	44
Discretionary tax-exempt	39
Size of research staff	3

R.M. Leary & Co. Inc. is an aggressive growth stock manager, investing in mutual fund groups.

The asset mix Jan. 1 was 100% aggressive stock mutual funds.

Kate Leary Lee is chief investment officer; Carolyn Mertens is client contact.

A special report on investing in emerging markets will be published Oct. 26.

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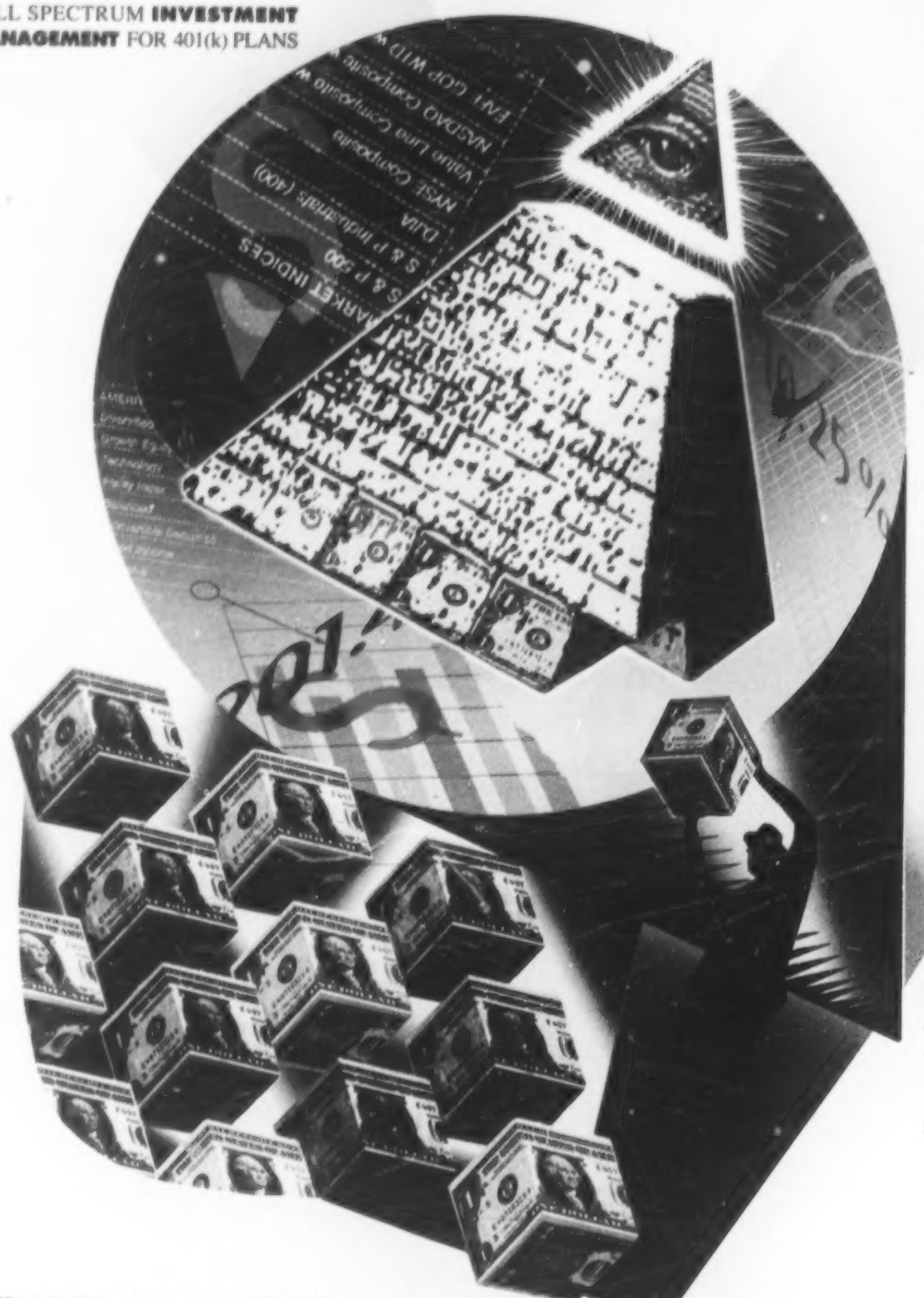

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Leavy Investment Management Inc.

First National Bank Building, 301
Junction Highway, Suite 323,
Kerrville, Texas 78028; (512)
896-3900

	($ millions)
Total assets managed	586
Total tax-exempt assets	576
Discretionary tax-exempt	576
No. of portfolio managers	4
Size of research staff	2

Leavy Investment Management Inc. is an active equity, active and passive bond and balanced manager.

Its equity approach is bottom-up and contrarian, and looks at low p/e stocks. Its primary fixed-income approach is active, using interest rate reaction and yield curve analysis.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

John M. Leavy is chief investment officer; Barbara A. Reiser is client contact.

Endowments and foundations will be featured June 8.

Lee Capital Management

27520 Hawthorne Blvd., Suite 154,
Rolling Hills Estates, Calif. 90274;
(310) 541-9080

	($ millions)
Total assets managed	13
Total tax-exempt assets	3
Discretionary tax-exempt	3
No. of portfolio managers	1

Lee Capital Management, a U.S. Treasury bond manager, uses interest rate anticipation.

All assets were in cash Jan. 1.

Ronald J. Lee is chief investment officer and client contact.

Legg Mason Capital Management Inc.

111 S. Calvert St., Baltimore, Md.
21202; (410) 547-2558

	($ millions)
Total assets managed	700
Total tax-exempt assets	200
Discretionary tax-exempt	200
Mortgage-backed assets	10
401(k)/457 assets managed	15
No. of portfolio managers	3
Size of research staff	3

Legg Mason Capital Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is value-oriented, using low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 45% stocks, 30% bonds, 20% cash and 5% mortgage-backed securities.

The parent is Legg Mason Inc.

J. Eric Leo is chief investment officer; Philip E. Sachs is client contact.

Lehman Ark Management

55 Water St., New York, N.Y. 10041;
(212) 668-8500

	($ millions)
Total assets managed	14,827
Total tax-exempt assets	13,882
Discretionary tax-exempt	13,882
Domestic equity, index	68
Domestic bond, index	973
Dedicated/immunized assets	191
Mortgage-backed assets	595
No. of portfolio managers	16
Size of research staff	6

Lehman Ark Management Co. Inc. is an active and passive equity, active and passive bond, balanced, active and passive international/global equity, short-term, enhanced index and convertible manager.

Its equity approach is bottom-up, and looks at growth, emerging growth and low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 54.3% stocks, 30.9% bonds, 8.5% cash, 4% mortgage-backed securities and 2.3% asset-backed securities.

Jay Mermelstein is chief investment officer; Henry Breck is client contact.

Lehndorff & Babson Real Estate Counsel

2501 Cedar Springs Road, Suite 550,
Dallas, Texas 75201; (214)
855-5800

	($ millions)
Total assets managed	3,283
Total tax-exempt assets	1,777
Discretionary tax-exempt	873
Equity real estate assets	873

Lehndorff & Babson Real Estate Counsel is a real estate manager.

All assets were in equity real estate Jan. 1

The parent is The Lehndorff Group.

M. Thomas Lardner is chief investment officer; G. Andrews Smith is client contact.

Leland O'Brien Rubinstein Associates Inc.

523 W. Sixth St., Suite 220, Los
Angeles, Calif. 90014; (213)
488-2700

	($ millions)
Total assets managed	670
Total tax-exempt assets	659
Discretionary tax-exempt	659
No. of portfolio managers	2
Size of research staff	4

Leland O'Brien Rubinstein Associates Inc. is a balanced, passive equity, passive bond and protective strategies manager.

Its equity approach is top-down, using delta neutral matching. Its fixed-income portfolios are hedged.

The firm runs protective put and call overwriting strategiss on $2.3 billion, of which $659 million of the underlying assets are managed internally.

The asset mix Jan. 1 was 55% stocks and 45% bonds.

John W. O'Brien is chief investment officer; Elaine W. Baker is client contact.

The Leonard Management Group

395 W. Avon Road, Avon, Conn.
06001; (203) 673-3237

	($ millions)
Total assets managed	25
Total tax-exempt assets	15
Discretionary tax-exempt	15
Mortgage-backed assets	4
401(k)/457 savings plans assets	1
Number of portfolio managers	1
Size of research staff	1

The Leonard Management Group is an active equity, active bond, balanced, short-term and TAA manager.

Its equity approach is bottom-up, seeking low p/e stocks and looking at growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 25% bonds and 25% mortgage-backed securities.

James P. Leonard is chief investment officer and client contact.

Leshner Financial Services

312 Walnut St., 21st Floor, Cincinnati,
Ohio 45202; (800) 543-8721

	($ millions)
Total assets managed	170
Total tax-exempt assets	58
Discretionary tax-exempt	58
No. of portfolio managers	7

Leshner Financial Services Inc. is an active equity, active bond, balanced, short-term and TAA manager.

Its equity approach is bottom-up and uses market timing. Its fixed-income approach uses yield curve analysis.

The parent is Leshner Financial Inc.

Thomas S. Mench is chief investment officer; Virginia G. Hamlin is client contact.

Lexington Management

Park 80 West, Plaza 2, Saddle Brook,
N.J. 07662; (201) 845-7300

	($ millions)
Total assets managed	2,281
Total tax-exempt assets	785
Discretionary tax-exempt	785
Mortgage-backed assets	41
International equity, active	52
No. of portfolio managers	7
Size of research staff	23

Lexington Management Corp. is an active domestic and international/global equity, active bond and short-term manager.

Its equity approach is bottom-up, and uses Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 69% stocks, 20% bonds, 5% cash and 6% mortgage-backed securities.

The parent is Piedmont Management Co.

William S. Stack is chief investment officer; Paul H. Kraszewski is client contact.

Leylegian Investment Management Inc.

601 Gateway Blvd., Suite 700, South
San Francisco, Calif. 94080; (415)
615-9500

	($ millions)
Total assets managed	475
Total tax-exempt assets	475
Discretionary tax-exempt	475
No. of portfolio managers	3

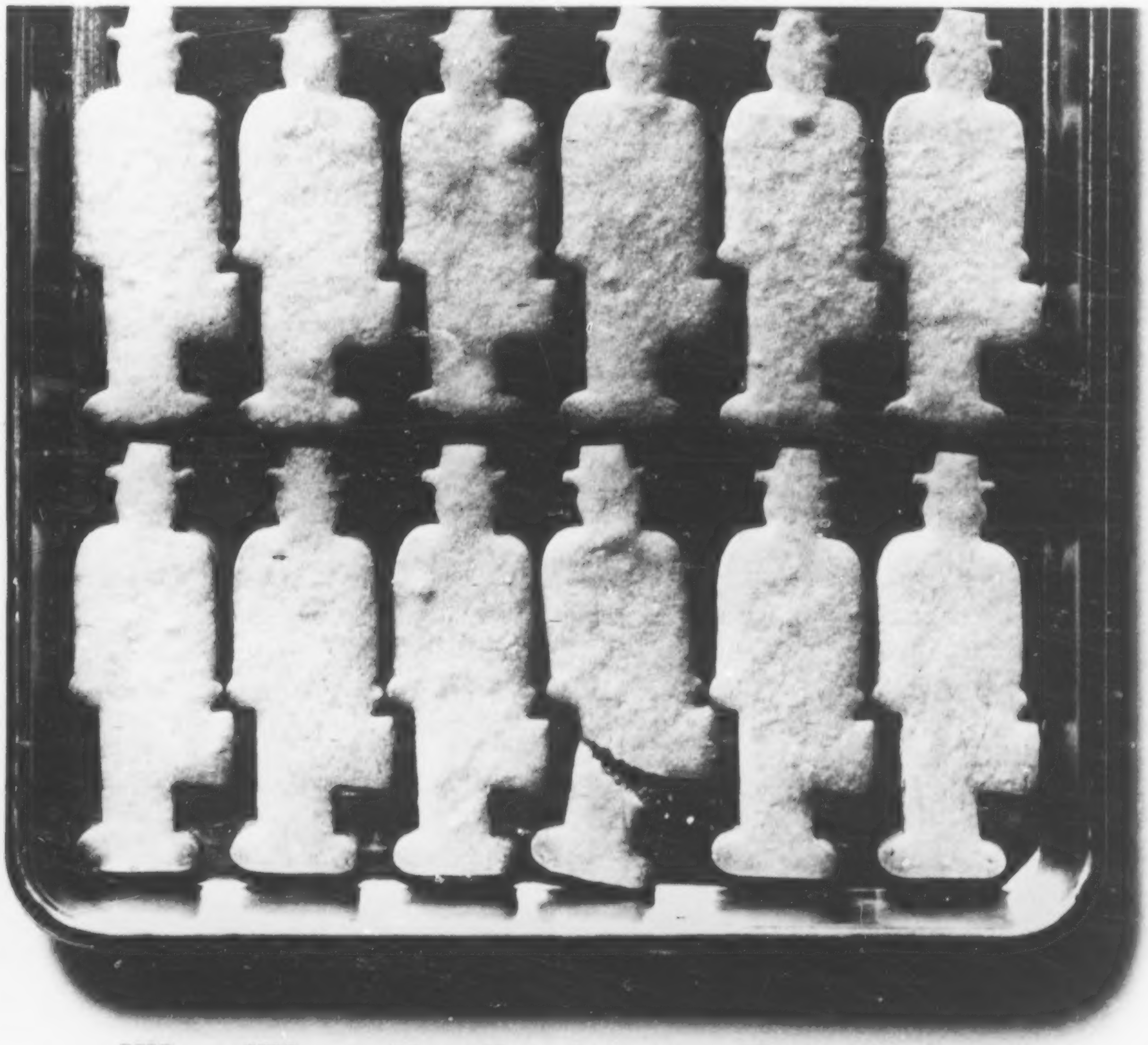
Leylegian Investment Management Inc. is an active equity, balanced and short-term manager.

Its equity approach is top-down, value-oriented and yield-based. The firm looks at growth, and uses Graham & Dodd analysis.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 95% stocks, 5% cash.

Jack H. Leylegian II is chief investment officer; George A. Leylegian is client contact.



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Liberty Capital Management
11 Broadway, Suite 1066, New York,
N.Y. 10004; (212) 509-0550

	($ millions)
Total assets managed	497
Total tax-exempt assets	256
Discretionary tax-exempt	256
Mortgage-backed assets	204
No. of portfolio managers	2

Liberty Capital Management Inc. is an active bond and short-term manager.

The asset mix Jan. 1 was 20% bonds and 80% mortgage-backed securities.

Jonathan Leader is chief investment officer; Susan Thompson is client contact.

Liberty National Bank & Trust Co. of Louisville
316 W. Jefferson St., Louisville, Ky.
40202; (502) 566-2000

	($ millions)
Total assets managed	2,310
Total tax-exempt assets	1,134
Discretionary tax-exempt	1,134
Equity real estate assets	11
401(k)/457 plan assets	100
No. of portfolio managers	9
Size of research staff	3

Liberty National Bank & Trust Co. of Louisville is an active and passive equity, active and passive bond and balanced manager.

Its primary equity approach is bottom-up and active, looking both at growth and low p/e stocks. Its primary fixed-income approach is active, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 41% stocks, 46% bonds, 12% cash and 1% equity real estate.

The parent is Liberty National Bancorp Inc.

Clarence V. Lee is chief investment officer; Guthrie P. Culbertson is client contact.

Lieberman Cos.
199 Middle Neck Road, Great Neck,
N.Y. 11021; (516) 466-6565

	($ millions)
Total assets managed	120
Total tax-exempt assets	20
Discretionary tax-exempt	20
Equity real estate	18
Mortgages	2

Lieberman Cos. is a real estate and venture capital manager.

The asset mix Jan. 1 was 90% equity real estate and 10% mortgages.

The parent is Bruce R. Lieberman & Co. Inc.

Bruce R. Lieberman is chief investment officer and client contact.

Lincluden Management Ltd.
700 Dorval Drive, Suite 605, Oakville,
Ontario L6K 3V3; (416) 842-8424

	($ millions)
Total assets managed	1,750
Total tax-exempt	1,750
Discretionary tax-exempt	1,750
No. of portfolio managers	5

Lincluden Management Ltd., a Canadian firm, is an active domestic and international equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is top-down, bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

Ian Jamieson is chief investment officer; George M. Youssef is client contact.

Lincoln Capital Management
200 S. Wacker Drive, Suite 2100,
Chicago, Ill. 60606; (312) 559-2880

	($ millions)
Total assets managed	22,783
Total tax-exempt assets	20,335
Discretionary tax-exempt	20,335
Domestic bond, index	7,953
Dedicated/immunized assets	1,162
No. of portfolio managers	13

Lincoln Capital Management Co. is an active equity, active and passive bond, balanced and enhanced index manager.

Its equity approach is bottom-up, using growth stocks. Its fixed-income approach includes enhanced index products.

The asset mix Jan. 1 was 34% stocks, 66% bonds.

J. Parker Hall III is chief investment officer and client contact.

Lincoln National Pension Investment
1300 S. Clinton St., Fort Wayne, Ind.
46802; (219) 455-2266

	($ millions)
Total assets managed	29,665
Total tax-exempt assets	11,865
Discretionary tax-exempt	11,865
GICs	1,178
Annuities	1,459
Equity real estate assets	67
Mortgage assets	2,150
Mortgage-backed assets	3,833
401(k)/457 assets managed	894
No. of portfolio managers	17
Size of research staff	25

Lincoln National Pension Investment is an active equity, active bond, balanced, passive bond, real estate, short-term and convertible manager.

Its equity approach is bottom-up and quantitative, emphasizing growth and emerging growth stocks.

The separate account asset mix Jan. 1 was 85% stocks, 7% bonds and 8% cash.

The parent is Lincoln National Corp.

Jon Boscia is chief investment officer; K. David Wheeler is client contact.

Lingo Capital Management
3200 West End Ave., Suite 405,
Nashville, Tenn. 37203; (615)
292-9546

	($ millions)
Total assets managed	10
Total tax-exempt assets	1
Discretionary tax-exempt	1
No. of portfolio managers	1
Size of research staff	1

Lingo Capital Management is an active equity, active bond and balanced manager.

The equity approach is bottom up, emphasizing growth and emerging growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 65% stocks, 25% bonds and 10% cash.

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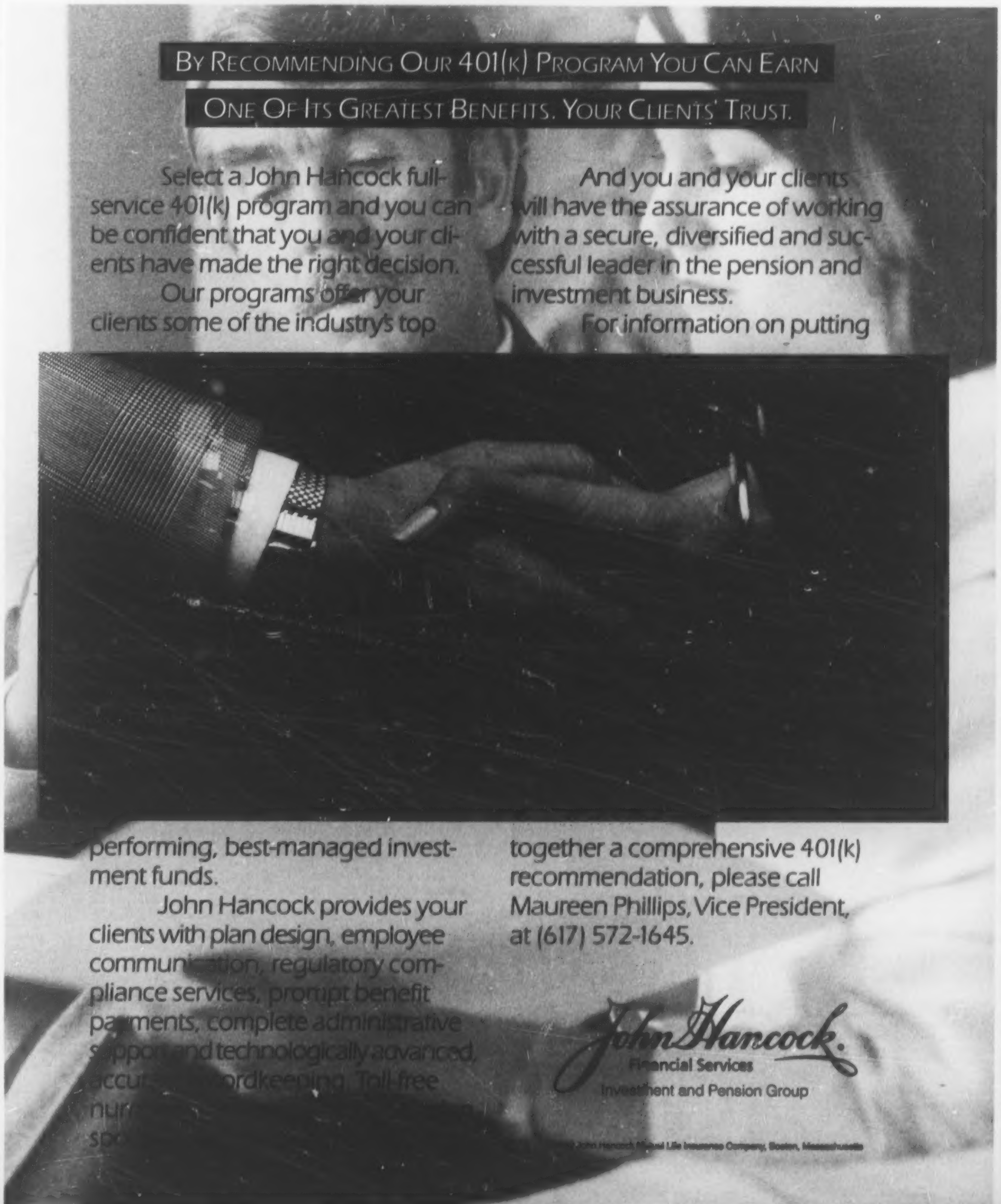

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John Hancock Mutual Life Insurance Company, Boston, Massachusetts

Kenneth H. Lingo is chief investment officer and client contact.

Lipman, Carasso & Young
1880 Century Park East, Suite 1511,
Los Angeles, Calif. 90067; (310)
282-0300

	($ millions)
Total assets managed	272
Total tax-exempt assets	66
Discretionary tax-exempt	66
401(k)/457 assets managed	0.5
No. of portfolio managers	3

Lipman, Carasso & Young is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using low p/e stocks and looking at growth. Bonds are laddered; interest rate anticipation is used.

The asset mix Jan. 1 was 51% stocks and 49% bonds.

Pierre Carasso is chief investment officer; Barrie Young is client contact.

Llama Asset Management
1 McIlroy Plaza, Suite 302,
Fayetteville, Ark. 72701; (501)
444-4080

	($ millions)
Total assets managed	135
Total tax-exempt assets	67
Discretionary tax-exempt	67
Mortgage assets	7
Mortgage-backed assets	3
No. of portfolio managers	1

Llama Asset Management Co. is an active domestic and international/global bond manager.

Its fixed-income approach seeks value and uses sector and yield curve analysis.

The asset mix Jan. 1 was 78% bonds, 3% cash, 10% mortgage, 5% mortgage-backed securities and 4% asset-backed securities.

Diane Gale is chief investment officer; C. Lanphier is client contact.

LM Capital Management Inc.
5560 La Jolla Blvd., Suite E, La Jolla,
Calif. 92037; (619) 459-8965

	($ millions)
Total assets managed	181
Total tax-exempt assets	37
Discretionary tax-exempt	37
No. of portfolio managers	2
Size of research staff	1

LM Capital Management Inc., an active domestic and international/global bond manager, uses interest rate anticipation.

The asset mix Jan. 1 was 100% bonds.

Luis Maizel is chief investment officer; Lawrence A. Cisneros is client contact.

Lombard Odier International Portfolio Management Ltd.
13 Southampton Road, London,
England WC1A 2AJ; 071-831-2350

	($ millions)
Total assets managed	5,275
Total tax-exempt assets	893
Discretionary tax-exempt	893
International equity, active	225
International bond, active	668
No. of portfolio managers	8
Size of research staff	45

Lombard Odier International Portfolio Management Ltd. is an active equity, active bond, balanced, active international/global equity and bond, and short-term manager.

The equity approach is top-down/bottom-up, using sector rotation and looking at growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 35% stocks and 65% bonds.

The parent is Lombard Odier & Cie.

Lawrence W. Harris III is chief investment officer; James Vogelzang is client contact at (303) 629-1900.

Longfellow Investment Management Co.
190 High St., Boston, Mass. 02110;
(617) 695-3504

	($ millions)
Total assets managed	163
Total tax-exempt assets	163
Discretionary tax-exempt	163
Mortgage-backed assets	50
401(k)/457 assets	40
No. of portfolio managers	2
Size of research staff	2

Longfellow Investment Management Co. is an active bond and short-term manager.

Its fixed-income approach uses sector analysis and short to intermediate durations.

The asset mix Jan. 1 was 65% bonds, 5% cash and 30% mortgage-backed securities.

David W. Seeley and John Ciarleglio III are chief investment officers and client contacts.

Loomis, Sayles & Co. Inc.
1 Financial Center, Boston, Mass.
02111; (617) 482-2450

	($ millions)
Total assets managed	25,300
Total tax-exempt assets	23,700
Discretionary tax-exempt	21,200
Dedicated/immunized assets	200
No. of portfolio managers	57
Size of research staff	28

Loomis, Sayles & Co. Inc. is an active equity, active bonds, balanced, active international/global equity and bond, and options manager.

Investment approaches vary among the various offices.

The asset mix Jan. 1 was 36% stocks and 64% bonds.

The parent is New England Investment Cos.

The firm manages $5 billion in options overwriting and buy/write programs, of which $225 million of the underlying assets is managed internally.

Donald R. Shepherd is chief investment officer; Robert Blanding is client contact.

Lord, Abbett & Co.
767 Fifth Ave., New York, N.Y. 10153;
(212) 848-1800

	($ millions)
Total assets managed	10,758
Total tax-exempt assets	2,089
Discretionary tax-exempt	2,089
No. of portfolio managers	12
Size of research staff	14

Lord, Abbett & Co. is an active equity, active bond, balanced, active international/global equity and bond, and convertible manager.

Its equity approach is top-down/bottom-up and value-oriented, using low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 81% stocks, 3% bonds, 9% cash and 7% convertibles.

Robert S. Dow, Thomas S. Henderson and E. Wayne Nordberg are chief investment officers; Marilyn Fee White and Daria L. Foster are client contacts.

Lowe, Brockenbrough, Tierney & Tattersall
6620 W. Broad St., Suite 300,
Richmond, Va. 23230; (804)
288-0404

	($ millions)
Total assets managed	4,739
Total tax-exempt assets	4,305
Discretionary tax-exempt	4,305
Mortgage assets	473
Mortgage-backed assets	397
401(k)/457 assets managed	206
No. of portfolio managers	17
Size of research staff	5

Lowe, Brockenbrough, Tierney & Tattersall is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down/bottom-up, using sector rotation and looking at growth. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 19% stocks, 57% bonds, 4% cash, 11% mortgages and 9% mortgage-backed securities.

Austin Brockenbrough and Fred Tattersall are chief investment officers; Charles C. Field is client contact.

Lynch & Mayer Inc.
650 Fifth Ave., New York, N.Y. 10019;
(212) 246-7760

	($ millions)
Total assets managed	3,884
Total tax-exempt assets	2,676
Discretionary tax-exempt	2,582
401(k)/457 assets managed	21
No. of portfolio managers	10

Lynch & Mayer Inc. is an active equity, balanced, and convertible manager.

Its equity approach is bottom-up and looks at growth.

The asset mix Jan. 1 was 77% stocks, 2% bonds, 11% cash and 10% convertibles.

The parent is Lincoln National Corp.

Eldon C. Mayer Jr. and Dennis P. Lynch are chief investment officers; W. Denman Zirkle is client contact.

M

MacKay-Shields Financial
9 W. 57th St., New York, N.Y. 10019;
(212) 758-5400

	($ millions)
Total assets managed	8,131
Total tax-exempt assets	6,144
Discretionary tax-exempt	6,144
International bonds, active	123
No. of portfolio managers	16

MacKay-Shields Financial Corp. is an active domestic and international equity, active domestic and international bond, balanced, short-term and convertibles manager.

Its equity approach is bottom-up, stressing growth and low p/e issues.

Its fixed-income approach is generalist/specialist, employing sector and yield curve analyses.

The asset mix Jan. 1 was 26% stocks, 72% bonds and 2% global/international.

The parent is New York Life Insurance Co.

Christina Seix is chief investment officer; Krista M. Woodall is client contact.

Firms assigning assets to other managers
($ millions)

Firm	Total	Internal	External*
Travelers	21,010	20,830	180
Vanguard Group	19,600	10,200	9,400
Common Fund	12,994	0	12,994
Prudential Diversified	12,059	2,081	9,978
Frank Russell	10,700	0	10,700
Nationwide Life Insurance	9,001	7,715	1,286
AMR Investment Services	6,593	1,468	5,125
Mutual of America Life	5,969	5,685	284
Strategic Investment Partners	5,691	27	5,664
Norwest Investments and Trust	5,003	4,324	679
State Mutual Life	4,831	4,586	245
Boylston Capital Advisors	3,707	2,681	1,026
Union Labor Life	1,585	1,310	275
Quantilogic Asset	1,576	0	1,576
RCB International	1,305	0	1,305
Wilmington Trust	1,285	1,245	40
Pension Portfolio Advisors	530	0	530
Trust Fund Advisors	456	0	456
Collins Associates	288	0	288
Associated Bank	260	230	30
Oak Ridge Investments	74	24	50
Reiser-Builder	59	8	51
Strategic Commodity Systems	47	0	47
Allegheny Financial Group	35	0	35
Independence Bank of Chicago	13	0	13
Primer Schill	12	0	12
Shinnecock Partners	12	7	5
Centurion Trust	10	0	10
M.S.S. Asset Allocation	5	0	5
Paragon Asset Management	1	0	1
Total	**124,711**	**62,421**	**62,290**

*Assets assigned to other firms

MacKenzie Financial Corp.
150 Bloor St. W., Toronto, Ontario
M5S 3B5; (416) 922-5322

	($ millions)
Total assets managed	7,500
Total tax-exempt	2,000
Discretionary tax-exempt	2,000
No. of portfolio managers	6

MacKenzie Financial Corp., a Canadian firm, is an active equity, active bond, balanced, and short-term manager.

Its equity approach is top-down, stressing low p/e stocks. Its fixed-income approach uses interest rate anticipation.

Alexander Christ is chief investment officer; Paul Might is client contact.

Mackenzie Investment Management Inc.
700 S. Federal Highway, Suite 300,
Boca Raton, Fla. 33432; (407)
393-8900

	($ millions)
Total assets managed	762
Total tax-exempt assets	762
Discretionary tax-exempt	762
Mortgage-backed assets	30
International equity, active	100
No. of portfolio managers	5

Mackenzie Investment Management Inc. is an active domestic and international equity, active bond, balanced, short-term and adjustable-rate mortgage manager.

Its equity approach is top-down and bottom-up, stressing Graham & Dodd analysis.

Its fixed-income approach employs interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 59% stocks, 34% bonds, 3% cash and 4% mortgage-backed securities.

The parent is Mackenzie Financial Corp.

Alex Christ is chief investment officer; James Broadfoot is client contact.

Madison Investment Advisors Inc.
6411 Mineral Point Road, Madison,
Wis. 53705; (800) 767-0300

	($ millions)
Total assets managed	675
Total tax-exempt assets	472
Discretionary tax-exempt	472
401(k)/457 assets managed	10
No. of portfolio managers	6

Madison Investment Advisors Inc. is an active bond and balanced manager.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 10% stocks, 80% bonds and 10% cash.

Frank E. Burgess is chief investment officer; Michael Schlageter and Richard L. Ford are client contacts.

Magten Asset Management
35 E. 21st St., 5W, New York, N.Y.
10010; (212) 529-6600

	($ millions)
Total assets managed	514
Total tax-exempt assets	494
Discretionary tax-exempt	494
International bond, active	18
No. of portfolio managers	2
Size of research staff	1

Magten Asset Management Corp. is an active international/global bond, distressed and bankrupt securities and dollar-denominated developing nation debt manager.

Its fixed-income approach emphasizes distressed and bankrupt securities and dollar-denominated developing nation debt.

The asset mix Jan. 1 was 14% stocks, 77% bonds, 5% cash and 4% sovereign debt of developing nations.

Talton R. Embry is chief investment officer; Barbara Justiz is client contact.

Maguire Investment Advisors Inc.
300 Hunter Ave., Suite 100, St. Louis,
Mo. 63124; (314) 726-5533

	($ millions)
Total assets managed	80
Total tax-exempt assets	31
Discretionary tax-exempt	31
No. of portfolio managers	2
Size of research staff	1

Maguire Investment Advisors Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom-up, stressing growth and emerging growth. Its fixed-income approach uses one- to seven-year laddered maturities.

J.P. Maguire is chief investment officer; J. Brodhead Jr. is client contact.

Managed Investments Ltd.
555 Canada Trust Tower,
10104-103rd Ave., Edmonton,
Alberta T5J 0H8; (403) 423-3544

	($ millions)
Total assets managed	400
Total tax-exempt	275
Discretionary tax-exempt	275
For subsidiaries of U.S. firms	30
No. of portfolio managers	4
Size of research staff	1

Managed Investments Ltd., a Canadian firm, is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down/bottom-up, using sector rotation and looking at growth. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 30% Canadian stocks, 7% U.S. stocks, 56% bonds and 7% cash.

Valmont A. Vaillant is chief investment officer; R. Bruce Sansom is client contact.

Manning & Napier Advisors
1 Lincoln First Square, Suite 1100,
Rochester, N.Y. 14604; (716)
325-6880

	($ millions)
Total assets managed	3,700
Total tax-exempt assets	3,200
Discretionary tax-exempt	3,200
Size of research staff	16

Manning & Napier Advisors Inc. is an active and passive bond and balanced manager.

Its equity approach is top-down and bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

William Manning is chief investment officer; Richard Barrington is client contact.

Manufacturers Bank N.A.
100 Renaissance Center, 8th Floor,
Detroit, Mich. 48243; (313)
222-4866

	($ millions)
Total assets managed	18,983
Total tax-exempt assets	14,444
Discretionary tax-exempt	14,444
Equity real estate assets	37
Domestic equity, index	4,245
Domestic bond, index	26
401(k)/457 plan assets	1,371
No. of portfolio managers	10
Size of research staff	6

Manufacturers Bank N.A., is an active and passive equity, active and passive bond, balanced, real estate, short-term and enhanced index manager.

Its equity approach is bottom-up, emphasizing growth. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 57% stocks, 39% bonds, 3.9% cash and 0.1% equity real estate.

The parent is Manufacturers National Corp.

Clinton P. Schloop is chief investment officer; Larry D. Rankens is client contact.

Manulife Financial
250 Bloor St. E., Toronto, Ontario
M4W 1E5; (416) 926-6693

	($ millions)
Total assets managed	28,623
Total tax-exempt assets	3,400
Discretionary tax-exempt	3,400
GICs	1,300
Annuities	888
No. of portfolio managers	11

Manulife Financial, a Canadian insurer, is an active equity, active bonds, balanced and short-term manager. The above statistics reflect U.S. tax-exempt assets only.

Its equity approach is bottom-up, emphasizing growth and earnings momentum. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The separate account asset mix Jan. 1 was 59% stocks, 11% bonds, 5% cash and 25% other.

The parent is Manufacturers Life Insurance Co.

George Neal is chief investment officer; Barbara J. Mac Lean is client contact.

Marathon Asset Management Co. Inc.
1250 Prospect St., Suite 300, P.O.
Box 9117, La Jolla, Calif. 92038;
(619) 456-8033

	($ millions)
Total assets managed	100
Total tax-exempt assets	100
Discretionary tax-exempt	100
No. of portfolio managers	3

Marathon Asset Management Co. Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and quantitative, with a low p/e emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 27% stocks, 35% bonds, 38% cash.

Thomas J. Feeney is chief investment officer; Kathleen A. Feeney is client contact.

Marathon-London
140A Gloucester Mansions,
Cambridge Circus, London WC2H
8HD, England; 071-497-2211

	($ millions)
Total assets managed	348
Total tax-exempt assets	94
Discretionary tax-exempt	94
International equity, active	94
No. of portfolio managers	3

Marathon-London, an active international/global equity manager, takes a top-down, bottom-up approach, using growth stocks and Graham & Dodd analysis.

The asset mix Jan. 1 was 100% stocks.

Jeremy J. Hosking is chief investment officer; Helen Blanchard is client contact at (203) 268-0105.

Marinvest Inc.
250 Park Ave., New York, N.Y. 10177;
(212) 503-6815

	($ millions)
Total assets managed	2,958
Total tax-exempt assets	897
Discretionary tax-exempt	897
401(k)/457 assets managed	153
No. of portfolio managers	8
Size of research staff	4

Marinvest Inc. is an active equity, active bond, balanced and short-term manager.

The equity approach is top-down and seeks low p/e and growth stocks.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 27% stocks, 39% bonds and 34% cash.

The parent is Wardley Services International Ltd.

John C. Quinn is chief investment officer; Ken Ostrowski and James McCann are client contact.

Markston Investment Management

633 Third Ave., 17th Floor, New York,
N.Y. 10017; (212) 972-3120

	($ millions)
Total assets managed	460
Total tax-exempt assets	365
Discretionary tax-exempt	365
401(k)/457 assets managed	22
No. of portfolio managers	3

Markston Investment Management is an active equity manager.

Its equity approach is bottom-up and seeks emerging growth stocks using Graham & Dodd analysis.

The asset mix Jan. 1 was 90.4% stocks, 0.6% bonds and 9% cash.

The parent is Mutual Benefit Life Insurance Co.

John R. Stone is chief investment officer and client contact.

Marlborough Capital Advisors Inc.

399 Boylston St., Boston, Mass.
02116; (617) 578-1722

	($ millions)
Total assets managed	140
Total tax-exempt assets	57
Discretionary tax-exempt	57
No. of portfolio managers	3

Marlborough Capital Advisors Inc. is a mezzanine financing and limited partnership manager.

The asset mix Jan. 1 was 100% mezzanine financing and limited partnerships.

The parent is New England Investment Cos.

Margaret L. Lanoix is chief investment officer; Ms. Lanoix, Gayle M. Slattery and Timothy J. Durkin are client contacts.

The Marshall Plan

31 Milk St., Boston, Mass. 02109;
(617) 482-4640

	($ millions)
Total assets managed	54
Total tax-exempt assets	54
Discretionary tax-exempt	54
No. of portfolio managers	1
Size of research staff	1

The Marshall Plan, an active equity manager, follows a bottom-up, quantitative approach with a growth and low p/e stock emphasis, employing quantitative rotation.

The asset mix Jan. 1 was 100% stocks.

The parent is GEM Advisors Inc.

Greta E. Marshall is chief investment officer and client contact.

J.D. Martin & Co.

1300 Free Press Building, Detroit,
Mich. 48226; (313) 961-1117

	($ millions)
Total assets managed	100
Total tax-exempt assets	90
Discretionary tax-exempt	90
No. of portfolio managers	3

J.D. Martin & Co. is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is top-down and bottom-up, emphasizing growth and low p/e.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 15% stocks, 83% bonds, 2% cash.

James D. Martin is chief investment officer; George M. Richmond is client contact.

Martingale Asset Management

12 Marshall St., Boston, Mass. 02108;
(617) 720-1334

	($millions)
Total assets managed	345
Total tax-exempt assets	290
Discretionary tax-exempt	290
No. of portfolio managers	3
Size of research staff	1

Martingale Asset Management is an active equity and hedged equity manager.

Its equity approach is quantitative and bottom-up, stressing low p/e stocks.

The asset mix Jan. 1 was 95% stocks and 5% cash.

William E. Jacques is chief investment officer; Arnold S. Wood is client contact.

Marvin & Palmer Associates

1 Commerce Center, Suite 1100,
Wilmington, Del. 19801; (302)
573-3570

	($ millions)
Total assets managed	700
Total tax-exempt assets	600
Discretionary tax-exempt	600
International equity, active	600
No. of portfolio managers	3
Size of research staff	5

Marvin & Palmer Associates Inc., an active domestic and international/global equity manager, takes a top-down approach, using growth stocks and sector rotation.

The asset mix Jan. 1 was 100% stocks.

David Marvin is chief investment officer; Jon Stiklorius is client contact.

Mason Hill Asset Management

477 Madison Ave., 8th Floor, New
York, N.Y. 10022; (212) 832-1290

	($ millions)
Total assets managed	32
Total tax-exempt assets	8
Discretionary tax-exempt	8
No. of portfolio managers	1
Size of research staff	1

Mason Hill Asset Management is an active equity manager. Its approach is bottom-up and value-oriented.

The asset mix Jan. 1 was 40% stocks and 60% cash.

William W. Strong is chief investment officer and client contact.

Massachusetts Financial Services

500 Boylston St., Boston, Mass.
02116; (617) 954-5000

	($ millions)
Total assets managed	27,750
Total tax-exempt assets	2,298
Discretionary tax-exempt	2,287
Mortgage-backed assets	356
International bond, active	355
No. of portfolio managers	32
Size of research staff	26

Massachusetts Financial Services is an active equity, active domestic and international/global bond, balanced and short-term manager.

Its equity approach is bottom-up and growth-oriented. Its fixed-income approach uses sector and yield curve analyses.

The firm manages $332 million in currency hedging and options and forwards in its foreign bond portfolios; the underlying assets are managed internally.

The asset mix Jan. 1 was 14.5% stocks, 50.5% bonds, 2.5% cash, 17.1% mortgage-backed securities and 15.4% foreign bonds.

The parent is Sun Life Assurance Co. of Canada, U.S.

A. Keith Brodkin is chief investment officer; Eileen M. McCaffery is client contact.

Massachusetts Mutual Life Insurance Co.

1295 State St. Springfield, Mass.
01111; (413) 788-8411

	($ millions)
Total assets managed	27,745
Total tax-exempt assets	14,450
Discretionary tax-exempt	14,450
GICs	5,012
Annuities	1,910
Equity real estate assets	43
Mortgage assets	3,073
Mortgage-backed assets	2,271
401(k)/457 assets managed	6,300
No. of portfolio managers	5
Size of research staff	20

Massachusetts Mutual Life Insurance Co. is an active equity, active bond, balanced, real estate, active international/global equity and short-term manager.

Its equity approach is bottom-up and seeks low p/e stocks. Its fixed-income approach uses sector and yield curve analyses.

The separate account asset mix Jan. 1 was 83% stocks, 9% bonds, 6% cash, 2% equity real estate.

Richard G. Dooley is chief investment officer; Peter J. Vogian is client contact.

Matuschka & Co. L.P.

15 Valley Drive, Greenwich, Conn.
06831; (203) 869-5866

	($ millions)
Total assets managed	331
Tax-exempt currency overlay assets	717
No. of portfolio managers	6

Matuschka & Co. L.P. is an active domestic and international/global equity, active domestic and international/global bond, convertible and active currency overlay manager.

Its equity approach is top-down and growth-oriented; sector rotation is used. Its fixed-income portfolio is selectively hedged; interest rate anticipation and yield curve analysis are used.

None of the currency overlay assets is managed internally.

The parent is Matuschka Group.

Michael Kraemer is chief investment officer; Christopher J. Carey is client contact.

McCowan & Associates Inc.

125 E. 38th St., New York, N.Y.
10016; (212) 545-8700

	($ millions)
Total assets managed	1,175
Total tax-exempt assets	1,003
Discretionary tax-exempt	1,003
Dedicated/immunized assets	7
No. of portfolio managers	5
Size of research staff	2

McCowan & Associates Inc. is an active equity, active bond and balanced manager.

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The equity approach is bottom-up, emphasizing growth and medium-cap stocks.

Its fixed-income approach uses business cycle analysis.

The asset mix Jan. 1 was 82.5% stocks, 7.6% bonds and 9.9% cash.

Bruce J. McCowan is chief investment officer; Venita L. Bullock is client contact.

McCullough, Andrews & Cappiello Inc.

101 California St., Suite 2450, San Francisco, Calif. 94111; (415) 956-8700

	($ millions)
Total assets managed	1,150
Total tax-exempt assets	850
Discretionary tax-exempt	850
401(k)/457 assets managed	7
No. of portfolio managers	6
Size of research staff	2

McCullough, Andrews & Cappiello Inc. is an active equity, active bonds and balanced manager.

The equity approach is bottom up, stressing low p/e, Graham & Dodd and yield-based stocks.

Its fixed-income approach uses yield curve analysis and stresses high quality.

The asset mix Jan. 1 was 72% stocks, 20% bonds and 8% cash.

Robert F. McCullough is chief investment officer; Julie J. Wilson is client contact.

McGlinn Capital Management Inc.

850 N. Wyomissing Blvd., P.O. Box 6158, Wyomissing, Pa. 19610; (215) 374-5125

	($ millions)
Total assets managed	2,440
Total tax-exempt assets	2,030
Discretionary tax-exempt	2,030
Dedicated/immunized assets	687
401(k)/457 assets managed	50
No. of portfolio managers	6

McGlinn Capital Management Inc. is an active equity, active and passive bonds and balanced manager.

The equity approach is top-down, quantitative and value-oriented, using sector rotation and market timing.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

Terrence G. McGlinn is chief investment officer; James A. Walker is client contact.

McHugh Associates Inc.

259 Radnor-Chester Road, Radnor, Pa. 19087; (215) 254-2929

	($ millions)
Total assets managed	204
Total tax-exempt assets	78
Discretionary tax-exempt	78
No. of portfolio managers	3

McHugh Associates Inc. is an active equity, active bond, balanced and short-term manager.

The equity approach is bottom-up and growth-oriented.

The asset mix Jan. 1 was 99.5% stocks and 0.5% cash.

Thomas J. McHugh is chief investment officer; Eunice S. Carpitella is client contact.

C.S. McKee & Co. Inc.

1 Gateway Center, Pittsburgh, Pa. 15222; (412) 566-1234

	($ millions)
Total assets managed	1,725
Total tax-exempt assets	1,682
Discretionary tax-exempt	1,551
Mortgage-backed assets	155
International equity, active	12
401(k)/457 assets managed	40
No. of portfolio managers	7

C.S. McKee & Co. Inc. is an active equity, active and passive bond, balanced, active international/global equity and short-term manager.

Its equity approach is bottom-up and focuses on low p/e stocks.

Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 44% stocks, 44% bonds, 2% cash and 10% mortgage-backed securities.

The parent is United Asset Management.

Charles E. Jacobs is chief investment officer; James H. Hanes is client contact.

McLean Budden Ltd.

390 Bay St., Suite 1000, Toronto, Ontario M5H 2Y2; (416) 862-9800

	(U.S. $ millions)
Total assets managed	1,855
Total tax-exempt	1,344
Discretionary tax-exempt	1,209
For subsidiaries of U.S. firms	375
No. of portfolio managers	8
Size of research staff	2

McLean Budden Ltd., a Canadian firm, is an active domestic and international/global equity, active bond, balanced and short-term manager.

Its equity approach looks at growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 35% Canadian stocks, 13% U.S. stocks, 48% bonds, 2% cash and 2% international equities.

The parent is Gartmore/Indosuez Asset Management.

Douglas Mahaffy is chief executive officer; E.A. "Ted" Harris is client contact.

The directory of real estate managers will appear Aug. 31.

McMillion Capital Management Inc.

P.O. Box 21447, Greensboro, N.C. 27420; (919) 274-2491

	($ millions)
Total assets managed	104
Total tax-exempt assets	29
Discretionary tax-exempt	29
401(k)/457 assets managed	1
No. of portfolio managers	4
Size of research staff	2

McMillion Capital Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down, looking for growth and using Graham & Dodd analysis.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 54% stocks, 34% bonds and 12% cash.

The parent is McMillion Associates Inc.

Donald C. McMillion is chief investment officer; William B. Carr is client contact.

McMorgan & Co.

1 Bush St., Suite 800, San Francisco, Calif. 94104; (415) 788-9300

	($ millions)
Total assets managed	10,000
Total tax-exempt assets	10,000
Discretionary tax-exempt	10,000

McMorgan & Co. is a real estate manager.

Thomas A. Morton and Melvin W. Petersen are chief investment officers; William O. Sumner is client contact.

R. Meeder & Associates

6000 Memorial Drive, Dublin, Ohio 43017; (614) 766-7000

	($ millions)
Total assets managed	646
Total tax-exempt assets	614
Discretionary tax-exempt	614
No. of portfolio managers	5

R. Meeder & Associates is an active and passive equity, active and passive bond, balanced, short-term and global cash manager.

Its equity approach is defensive, using market timing. Its primary fixed-income approach is active.

The asset mix Jan. 1 was 36% stocks, 27% bonds and 37% cash.

The parent is Muirfield Investors Inc.

Philip A. Voelker is chief investment officer; Robert D. Baker is client contact.

Mellon Bond Associates

1 Mellon Bank Center, Suite 4135, Pittsburgh, Pa. 15258-0001; (412) 234-3678

	($ millions)
Total assets managed	25,326
Total tax-exempt assets	24,491
Discretionary tax-exempt	24,491
Domestic bond, index	7,985
Dedicated/immunized assets	1,935
Mortgage-backed assets	1,714
No. of portfolio managers	15

Mellon Bond Associates is an active and passive bond and short-term manager.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 53% bonds, 40% cash and 7% mortgage-backed securities.

The parent is Mellon Bank Corp.

Paul R. McCann is chief investment officer; William F. Adam is client contact.

Mellon Capital Management

595 Market St., 30th Floor, San Francisco, Calif. 94105; (415) 546-6056

	($ millions)
Total assets managed	30,755
Total tax-exempt assets	30,288
Discretionary tax-exempt	30,288
Domestic equity, index	23,593
Domestic bond, index	5,267
International equity, index	439
Dedicated/immunized assets	719
Mortgage-backed assets	115
International equity, active	157
401(k)/457 assets managed	863
No. of portfolio managers	15
Size of research staff	10

Mellon Capital Management Corp. is a passive domestic equity and bond, active and passive international/global equity, short-term, tactical asset allocation and enhanced index manager.

The equity approach is quantitative.

The asset mix Jan. 1 was 80% stocks, 19% bonds and 1% mortgage-backed securities.

The parent is Mellon Bank Corp.

William L. Fouse is chief investment officer; Cary Martin Zellerbach is client contact.

Mellon Equity Associates

500 Grant St., Suite 3700, Pittsburgh, Pa. 15258; (412) 234-1394

	($ millions)
Total assets managed	4,765
Total tax-exempt assets	4,765
Discretionary tax-exempt	4,765
401(k)/457 assets managed	384
No. of portfolio managers	3
Size of research staff	7

Mellon Equity Associates, an active equity and balanced manager, takes a bottom-up and quantitative approach.

The asset mix Jan. 1 was 90% stocks, 6% bonds and 4% cash.

The parent is Mellon Bank Corp.

William P. Bydell is chief investment officer; Patricia K. Nichols is client contact.

Mellon/McMahan Real Estate Advisors Inc.

444 Market St., Suite 2100, San Francisco, Calif. 94111; (415) 433-7770

	($millions)
Total assets managed	1,014
Total tax-exempt assets	813
Discretionary tax-exempt	813
Equity real estate assets	594
Mortgage assets	219
No. of portfolio managers	10
Size of research staff	1

Mellon/McMahan Real Estate Advisors Inc. is a real estate manager.

The asset mix Jan. 1 was 73% equity real estate and 27% mortgages.

The parent is Mellon Bank.

John McMahan is chief investment officer; Barry Rifkel is client contact.

Mendel Money Management

1220 Shermer Road, Suite 220, Northbrook, Ill. 60062; (708) 564-0970

	($ millions)
Total assets managed	18
Total tax-exempt assets	13
Discretionary tax-exempt	13
401(k)/457 plan assets	2
No. of portfolio managers	1

Mendel Money Management Inc. is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach is yield-based, top-down and bottom-up, emphasizing low p/e stocks, sector rotation and market timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 75% stocks, 23% bonds and 2% cash.

Barry Mendel is chief investment officer and client contact.

Mercantile-Safe Deposit & Trust Co.

P.O. Box 2257, Baltimore, Md. 21203; (410) 237-5548

	($ millions)
Total assets managed	7,640
Total tax-exempt assets	3,200
Discretionary tax-exempt	3,200
Dedicated/immunized assets	12
Mortgage-backed assets	500
International bond, active	25
No. of portfolio managers	9
Size of research staff	6

Mercantile-Safe Deposit & Trust Co. is an active equity, active and passive bond, balanced, active international/global bond and short-term manager.

Its equity approach is emphasizes low p/es and high yield. Its fixed-income approach combines interest rate anticipation and quantitative analysis.

The asset mix Jan. 1 was 25% stocks, 19% bonds, 40% cash and 16% mortgage-backed securities.

The parent is Mercantile Bankshares Corp.

Gordon Van Vranken is chief investment officer; John Wetzelberger is client contant.

The Merchants Bank

1125 Grand Ave., Kansas City, Mo. 64106; (816) 889-8082

	($ millions)
Total assets managed	430
Total tax-exempt assets	145
Discretionary tax-exempt	145
Mortgage-backed assets	29
401(k)/457 plan assets	3
No. of portfolio managers	3

The Merchants Bank is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach seeks low p/e stocks.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 20% stocks, 50% bonds, 10% cash and 20% mortgage-backed securities.

W. Patrick Sterner is chief investment officer and client contact.

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Merganser Capital Management Corp.

1 Cambridge Center, Cambridge,
Mass. 02142; (617) 494-1000

	($ millions)
Total assets managed	1,952
Total tax-exempt assets	1,946
Discretionary tax-exempt	1,946
Mortgage-backed assets	200
401(k)/457 assets managed	295
No. of portfolio managers	2
Size of research staff	2

Merganser Capital Management Corp. is an active bond and short-term manager.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 90% bonds and 10% mortgage-backed securities.

Edward M. Safran is chief investment officer; James S. Wakefield is client contact.

Meridian Investment Co.

P.O. Box 2000, Valley Forge, Pa.
19482; (215) 251-7957

	($ millions)
Total assets managed	3,267
Total tax-exempt assets	1,980
Discretionary tax-exempt	1,980
No. of portfolio managers	10
Size of research staff	2

Meridian Investment Co. is an active equity, active bond, balanced, short-term, convertible and aggressive equity manager.

The equity approach is bottom-up and quantitative, using low p/e stocks. Its fixed-income approach uses security analysis.

The asset mix Jan. 1 was 34% stocks and 66% bonds.

The parent is Meridian Bancorp.

Philip H. Brown II is chief investment officer; Donald P. Scott and D. Kirk Narick are client contacts.

Meridian Management Co.

415 N. McKinley, Suite 1200, Little
Rock, Ark. 72205; (501) 663-7055

	($ millions)
Total assets managed	220
Total tax-exempt assets	189
Discretionary tax-exempt	189
401(k)/457 assets managed	10
No. of portfolio managers	4
Size of research staff	1

Meridian Management Co. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, with a low p/e emphasis. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 60% stocks, 29% bonds, 11% cash.

Lee Bodenhamer is chief investment officer; Mark Millsap is client contact.

Merrill Lynch Asset Management

800 Scudders Mill Road, Plainsboro,
N.J. 08536; (609) 282-2306

	($ millions)
Total assets managed	123,232
Total tax-exempt assets	6,118
Discretionary tax-exempt	5,872
Mortgage-backed assets	425
International equity, active	100
401(k)/457 assets managed	2,600
No. of portfolio managers	126
Size of research staff	60

Merrill Lynch Asset Management is an active equity, active bond, balanced, active international/global equity and bond and short-term manager.

Its equity approach is top-down and bottom-up, seeking low p/e stocks.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 35% stocks, 40% bonds, 15% cash and 10% mortgage-backed securities.

The parent is Merrill Lynch and Co.

Arthur Zeikel is chief investment officer; Gregory D. Upah is client contact.

Mesirow

360 N. Clark, Chicago, Ill. 60610;
(312) 670-6023

	($ millions)
Total assets managed	360
Total tax-exempt assets	110
Discretionary tax-exempt	110
No. of portfolio managers	4
Size of research staff	3

Mesirow is an active equity, active bond and balanced manager.

The equity approach is bottom-up, stressing low p/e stocks. Its fixed-income approach uses yield curve analysis.

The parent is Mesirow Financial.

Stephen G. Gaber is chief investment officer; Phillip Barnett is client contact.

Metric Institutional Realty Advisors

950 Tower Lane, Foster City, Calif.
94404; (415) 378-7000

	($ millions)
Total assets managed	2,129
Total tax-exempt assets	486
Discretionary tax-exempt	486
Equity real estate assets	461
Mortgage assets	25
No. of portfolio managers	15
Size of research staff	5

Metric Institutional Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 95% equity real estate, 5% mortgages.

The parent is Metropolitan Life Insurance Co.

Robert A. Fiddaman is chief investment officer and client contact.

Metropolitan Life Insurance

1 Madison Ave., New York, N.Y.
10010; (212) 578-5000

	($ millions)
Total assets managed	110,800
Total tax-exempt assets	55,700
Discretionary tax-exempt	55,700
GICs	18,423
Annuities	10,507
Equity real estate assets	877
Mortgage assets	212
Domestic equity, index	862
Domestic bond, index	213
Dedicated/immunized assets	7,220
Mortgage-backed assets	762
International equity, active	145

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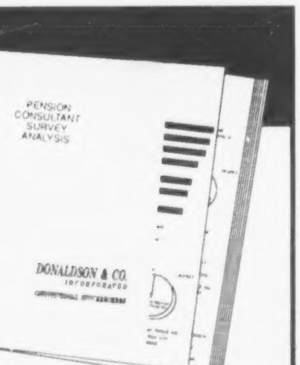

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GE Investments

GE Investments
3003 Summer Street
Stamford, CT 06905
Geoffrey R. Norman
Executive Vice President
203 326 2316

Worldwide Diversified Money Management Services

International bond, active	108
401(k)/457 assets managed	11,715
No. of portfolio managers	40
Size of research staff	140

Metropolitan Life Insurance Co. offers active equity and bond, balanced, passive equity and bond, real estate, active international/global equity and bond, short-term and enhanced index management.

Its equity approach is both top-down and bottom-up, focusing on emerging growth and low p/e stocks. Its fixed-income approach uses sector analysis, issue selection and sector rotation.

The separate account asset mix Jan. 1 was 20.2% stocks, 57.9% bonds, 5.5% cash, 6.8% equity real estate, 1.7% mortgages, 5.9% mortgage-backed securities, and 2% international.

Robert E. Chappell Jr. is chief investment officer; C. Robert Henrikson is client contact.

MH & Associates, Securities Management Corp.

21031 Ventura Blvd., Suite 307,
Woodland Hills, Calif. 91367; (818)
447-8821

	($ millions)
Total assets managed	56
Total tax-exempt assets	38
Discretionary tax-exempt	29
Mortgage-backed assets	2
International bond, active	2
401(k)/457 assets managed	5
No. of portfolio managers	2
Size of research staff	2

MH & Associates, Securities Management Corp. is a balanced manager.

Its equity approach is top-down/bottom up and value-oriented, using low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 40% stocks, 55% bonds and 5% mortgage-backed securities.

J. Robert Meichelbock is chief investment officer; John Heilman is client contact.

M&I Investment Management

770 N. Water St., Milwaukee, Wis.
53202; (414) 765-7770

	($ millions)
Total assets managed	5,162
Total tax-exempt assets	2,432
Discretionary tax-exempt	2,432
Mortgage assets	24
No. of portfolio managers	22
Size of research staff	4

M&I Investment Management Corp. is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is bottom-up, with a growth and low p/e stock focus. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 35.6% stocks, 45.2% bonds, 14.4% cash, 0.8% mortgages, 4% other.

The parent is Marshall & Ilsley Corp.

David W. Schulz is chief investment officer-fixed income, Anthony R. Leszczynski is chief investment officer-equities; Judith C. Murphy and Julie M. Gerend are client contacts.

Mid Atlantic Realty Advisors

610 Smithfield St., Suite 403,
Pittsburgh, Pa. 15222; (412)
391-1010

	($ millions)
Total assets managed	100
Total tax-exempt assets	100
Discretionary tax-exempt	100
Equity real estate assets	100

Mid Atlantic Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

Scott C. Sander is chief investment officer; C. Andrew Russell is client contact.

Midlantic National Bank

Metro Park Plaza, Edison, N.J. 08818;
(908) 321-8382

	($ millions)
Total assets managed	5,650
Total tax-exempt assets	1,300
Discretionary tax-exempt	1,300
401(k)/457 plan assets	225
No. of portfolio managers	12
Size of research staff	4

Midlantic National Bank is an active equity, active and passive bond, balanced, active international/global equity and bond and short-term manager.

Its equity approach is bottom-up and yield-based, using low p/e stocks. Its fixed-income approach emphasizes high quality and uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 37% stocks, 37% bonds, 26% cash.

James Ryan Sr. is chief investment officer; Jeffrey P. Moody is client contact.

MIG Realty Advisors Inc.

1645 Palm Beach Lakes Blvd., Suite
600, West Palm Beach, Fla. 33401;
(407) 686-1800

	($ millions)
Total assets managed	1,320
Total tax-exempt assets	1,320
Discretionary tax-exempt	525
Equity real estate assets	525

MIG realty Advisors Inc. is a real estate manager.

All assets were in equity real estate Jan. 1.

Robert J. Gauthier is chief investment officer. James A. Cote is client contact.

Miller, Anderson & Sherrerd

1 Tower Bridge, West Conshohocken,
Pa. 19403; (215) 940-5000

	($ millions)
Total assets managed	23,394
Total tax-exempt assets	22,363
Discretionary tax-exempt	22,363
Domestic bond,index	2,290
Mortgage-backed assets	2,738
International equity, active	328
International bond, active	343
401(k)/457 assets managed	196
No. of portfolio managers	23
Size of research staff	5

Miller, Anderson & Sherrerd is an active domestic and international/global equity and bond, balanced, short-term and and enhanced index manager.

Its equity approach uses both top-down and bottom-up analysis, and is based on sector rotation.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 53.8% stocks, 27.8% bonds, 0.8% cash and 17.6% mortgage-backed securities.

Richard B. Worley is chief investment officer; Tracey H. Ivey is client contact.

MIMLIC Asset Management

400 N. Robert St., St. Paul, Minn.
55101; (612) 298-3826

	($ millions)
Total assets managed	7,100
Total tax-exempt assets	2,500
Discretionary tax-exempt	2,500
Mortgage-backed assets	750
401(k)/457 assets managed	500
No. of portfolio managers	9
Size of research staff	8

MIMLIC Asset Management Co. is an active and passive equity, active bond, balanced, short-term and investment-grade private placements manager.

Its equity approach is bottom-up, and uses sector rotation, market timing and value growth-relative valuation. Its fixed-income approach uses investment-grade private placements.

The asset mix Jan. 1 was 20% stocks, 45% bonds, 5% cash and 30% mortgage-backed securities.

The parent is Minnesota Mutual Life Insurance Cos.

Paul Gooding is chief investment officer; Jeffrey D. Anderson is client contact.

Minton Investment Management

650 Sentry Parkway, Suite 1, Blue
Bell, Pa. 19422; (215) 940-0695

	($ millions)
Total assets managed	609
Total tax-exempt assets	609
Discretionary tax-exempt	609
Domestic bond, index	82
Dedicated/immunized assets	526
401(k)/457 assets managed	58
No. of portfolio managers	2
Size of research staff	3

Minton Investment Management is a structured and indexed bond manager.

The asset mix Jan. 1 was 93% bonds, 7% cash.

Lee W. Minton is chief investment officer and client contact.

Mississippi Valley Advisors

1 Mercantile Center, Suite 2100, P.O.
Box 387, St. Louis, Mo. 63166;
(314) 425-1234

	($ millions)
Total assets managed	4,900
Total tax-exempt assets	4,900
Discretionary tax-exempt	4,700
Domestic equity,index	50
Dedicated/immunized bonds	950
International equity, active	5
No. of portfolio managers	11
Size of research staff	9

Mississippi Valley Advisors Inc. is an active and passive equity, active bond, balanced and short-term manager.

Its equity approach uses bottom-up analysis to identify core growth stocks. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

The parent is Mercantile Bank of St. Louis.

John H. Blixen is chief investment officer; Randall L. Kirkland is client contact.

Mitchell Capital Management

4350 Shawnee Mission Parkway,
Suite 124, Fairway, Kan. 66205;
(913) 262-3388

	($ millions)
Total assets managed	94
Total tax-exempt assets	29
Discretionary tax-exempt	29
401(k)/457 assets managed	2
No. of portfolio managers	2
Size of research staff	1

Mitchell Capital Management Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth, emerging growth and Graham & Dodd techniques. Its fixed-income approach is unhedged, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Fred G. Mitchell is chief investment officer and client contact.

The Mitchell Group Inc.

1100 Louisiana, Suite 4810, Houston,
Texas 77002; (713) 759-2070

	($ millions)
Total assets managed	15
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	2
Size of research staff	1

The Mitchell Group Inc. is an active equity manager investing in publicly traded energy equities.

Its uses both top-down and bottom-up analysis with Graham & Dodd valuation techniques.

The asset mix Jan. 1 was 98% stocks and 2% cash.

Rodney B. Mitchell is chief investment officer; Scott M. Harrington is client contact.

Mitchell Hutchins Asset Management Inc.

1285 Avenue of the Americas, New
York, N.Y. 10019; (212) 713-4000

	($ millions)
Total assets managed	33,195
Total tax-exempt assets	10,371
Discretionary tax-exempt	9,502
Domestic equity, index	132
Domestic bond, index	635
International bond, index	72
Dedicated/immunized assets	812
Mortgage-backed assets	500
International bond, active	35
401(k)/457 assets managed	10
No. of portfolio managers	35
Size of research staff	4

Mitchell Hutchins Asset Management Inc. is an active and passive domestic equity, active and passive domestic bond, balanced, active and passive international/global equity and bond, short-term, enhanced index, venture capital and private equity manager.

Its equity approach is bottom-up, using growth, low p/e and small-cap stocks as well as venture capital and enhanced indexes. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 25% stocks, 52% bonds, 18% cash, 3% mortgage-backed securities, 2% venture capital.

The parent is PaineWebber Inc.

Stephen E. Canter is chief investment officer; Christopher J. LaCroix is client contact.

Monetta Financial Services

1776-A S. Naperville Road, Wheaton,
Ill. 60187; (708) 462-9800

	($ millions)
Total assets managed	172
Total tax-exempt assets	64
Discretionary tax-exempt	64
401(k)/457 assets managed	32
No. of portfolio managers	3

Monetta Financial Services Inc., an active equity manager, takes a bottom-up approach, and seeks growth and emerging growth stocks.

The asset mix Jan. 1 was 75% stocks and 25% cash.

Robert S. Bacarella is chief investment officer; John Rozinsky is client contact.

Montag & Caldwell Inc.

2 Piedmont Center, Suite 500, Atlanta,
Ga. 30305; (404) 262-3480

	($ millions)
Total assets managed	1,215
Total tax-exempt assets	833
Discretionary tax-exempt	833
Mortgage-backed assets	48
401(k)/457 assets managed	24
No. of portfolio managers	7
Size of research staff	1

Montag & Caldwell Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and fundamental, seeking growth stocks. Its fixed-income approach uses sector analysis and duration management.

The asset mix Jan. 1 was 60% stocks, 28% bonds, 6% cash and 6% mortgage-backed securities.

Ronald E. Canakaris is chief investment officer; Homer W. Whitman Jr. is client contact.

Montgomery Asset Management L.P.

600 Montgomery St., San Francisco,
Calif. 94111; (415) 627-2400

	($ millions)
Total assets managed	459
Total tax-exempt assets	373
Discretionary tax-exempt	373
No. of portfolio managers	1
Size of research staff	2

Montgomery Asset Management L.P., an active equity manager, follows a bottom-up approach, emphasizing growth and small-cap stocks.

The asset mix Jan. 1 was 100% stocks.

The parent is Montgomery Securities.

Stuart O. Roberts is chief investment officer; Kevin T. Hamilton is client contact.

Moody, Lynn & Co.

1 Boston Place, Boston, Mass. 02108;
(617) 973-0590

	($ millions)
Total assets managed	75
Total tax-exempt assets	5
Discretionary tax-exempt	5
No. of portfolio managers	2

Moody, Lynn & Co. is an active equity, active bond, balanced, active international/global equity, short-term and convertible manager.

Its equity approach is top-down and bottom-up, emphasizing growth and emerging growth, and using sector rotation and market timing. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 70% stocks, 20% bonds, 10% cash.

Michael M. Moody and Martin W. Lynn are chief investment officers and client contacts.

Moran Asset Management

41 W. Putnam Ave., Greenwich, Conn.
06830; (203) 869-5100

	($ millions)
Total assets managed	325
Total tax-exempt assets	275
Discretionary tax-exempt	275
401(k)/457 assets managed	3
No. of portfolio managers	4
Size of research staff	9

Moran Asset Management Inc. is an active equity, active fixed-income and balanced manager.

The firm's equity approach is bottom-up and emphasizes both growth and value, using Graham & Dodd analysis. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 85% stocks, 5% bonds and 10% cash.

Frederick A. Moran is chief investment officer; Charles R. Allen is client contact.

J.P. Morgan Investment Management Inc.

522 Fifth Ave., New York, N.Y. 10036;
(212) 837-2300

	($ millions)
Total assets managed	77,126
Total tax-exempt assets	51,975
Discretionary tax-exempt	51,975
Equity real estate assets	1,614
Mortgage assets	2,537
Dedicated/immunized assets	9,324
Mortgage-backed assets	4,008
International equity, active	2,112
International bond, active	1,762
401(k)/457 assets managed	1,695
No. of portfolio managers	55
Size of research staff	39

J.P. Morgan Investment Management Inc. is an active equity, active bond, balanced, real estate, active international/global equity and bond, TAA, enhanced index, convertible, oil and gas, currency overlay and structured fixed-income manager.

Its equity approach is bottom-up using Graham & Dodd analysis and focused internal research. Its fixed-income approach applies yield curve analysis with hedged and unhedged accounts, using extended markets and financial futures and options.

The asset mix Jan. 1 was 27% stocks, 40% bonds, 10% cash, 3% equity real estate, 5% mortgages, 8% mortgage-backed securities, 4% international equities, 3% international bonds.

The firm manages $8.094 billion in U.S. tax-exempt discretionary assets in currency overlay, tactical asset allocation, portfolio protection and tactical duration management programs. The firm manages $4.6 billion of the underlying assets internally.

The parent is J.P. Morgan & Co.

David L. Brigham is chief investment officer; John R. Thomas is client contact.

Morgan Grenfell Capital Management Inc.

885 Third Ave., 32nd Floor, New York,
N.Y. 10022; (212) 230-2600

	($ millions)
Total assets managed	3,404
Total tax-exempt assets	2,790
Discretionary tax-exempt	2,790
Mortgage-backed assets	387
No. of portfolio managers	9

Morgan Grenfell Capital Management Inc. is an active equity and active bond manager.

Its equity approach is bottom-up, with an emerging growth bias. Its fixed-income approach emphasizes issue selection.

The asset mix Jan. 1 was 43% stocks, 41% bonds, 4% cash, 12% mortgage-backed securities.

The parent is Morgan Grenfell Asset Management.

Robert E. Kern is chief investment officer-equity and David W. Baldt is chief investment officer-fixed income; James E. Minnick is client contact.

Morgan Grenfell Investment Services Ltd.

20 Finsbury Circus, London, England
EC2M 1NB; 71-256-7500

	($ millions)
Total assets managed	3,370
Total tax-exempt assets	1,525
Discretionary tax-exempt	1,525
International equity, active	1,321
International bond, active	204
No. of portfolio managers	11
Size of research staff	20

Morgan Grenfell Investment Services Ltd. is an active international/global equity and bond manager.

Its equity approach is bottom-up, with a growth focus. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 82% stocks, 13% bonds, 5% cash.

The firm manages $55 million in U.S. institutional discretionary tax-exempt assets in currency overlay strategies. The firm manages $12 million of the underlying assets internally.

The parent is Morgan Grenfell Asset Management Ltd.

Michael Bullock is chief investment officer; James Minnick, president of Morgan Grenfell Capital Management (USA), is client contact at (212) 230-2600.

25 largest managers of 401(k)/457 assets

Firm	$ mils.*
Fidelity Investments	24,340
Bankers Trust	16,553
Northern Trust	14,927
Metropolitan Life	11,715
Aetna	11,053
John Hancock	8,802
Principal Financial	8,785
INVESCO MIM	8,713
Prudential Asset	8,531
Travelers	8,346
CIGNA Investments	8,100
New York Life	8,000
T. Rowe Price	7,375
State Street Bank	7,221
Massachusetts Mutual	6,300
Chancellor	6,002
Provident Life	6,000
GE Investments	5,977
Vanguard Group	5,500
Wells Fargo Nikko	4,550
NationsBank	4,500
Nationwide Life	4,375
Certus Financial	4,100
IDS Trust	3,441
Bank of America	3,380
Total	**206,586**

*Discretionary tax-exempt assets

Morgan Stanley Asset Management

1221 Avenue of the Americas, New
York, N.Y. 10020; (212) 296-7200

	($ millions)
Total assets managed	21,954
Total tax-exempt assets	11,354
Discretionary tax-exempt	10,577
No. of portfolio managers	34
Size of research staff	20

Morgan Stanley Asset Management is an active domestic equity and bond, balanced, active international/global equity and bond, short-term, convertible, high-yield and municipal bond manager.

Its equity approach is bottom-up, with a growth emphasis. Its fixed-income approach focuses on intermediate-term securities.

The parent is Morgan Stanley Group Inc.

Barton M. Biggs is chief investment officer; Michael A. Crowe is client contact.

Morgan Stanley Asset Management Inc./The Chicago Group

440 S. LaSalle St., Chicago, Ill. 60605;
(312) 765-6011

	($ millions)
Total assets managed	1,104
Total tax-exempt assets	973
Discretionary tax-exempt	973
No. of portfolio managers	3
Size of research staff	4

Morgan Stanley Asset Management Inc./The Chicago Group is an active equity and balanced manager.

Its equity approach is bottom-up and yield-based, stressing low p/e stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 77% stocks, 22% bonds and 1% cash.

The parent is Morgan Stanley Group Inc.

Thomas S. White Jr. is chief investment officer; Stephen C. Sexauer is client contact.

Morgen Capital Management

120 S. Sixth St., Suite 1901,
Minneapolis, Minn. 55402; (612)
375-1875

	($ millions)
Total assets managed	6
Total tax-exempt assets	6
Discretionary tax-exempt	6
No. of portfolio managers	2

Morgen Capital Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up and quantitative, using Graham & Dodd analysis and looking at growth. Its fixed-income approach is passive.

The asset mix Jan. 1 was 100% stocks.

Thomas G. Grace is chief investment officer; Rodney B. Hare is client contact.

Morguard Investments Ltd.

1027 Yonge St., Toronto, Ontario M5N
2K5; (416) 967-0880

	($ millions)
Total assets managed	1,550
Total tax-exempt	1,550
Discretionary tax-exempt	1,550
For subsidiaries of U.S. firms	200
Equity real estate assets	1,550

Morguard Investments Ltd., a Canadian firm, is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

The parent is Metropolitan Life.

A.K. Stephens is chief investment officer; Rick Hayward is client contact.

Morley Capital Management

5285 S.W. Meadows Road, Suite 400,
Lake Oswego, Ore. 97035; (800)
548-4806

	($ millions)
Total assets managed	6,276
Total tax-exempt assets	6,276
Discretionary tax-exempt	6,276
401(k)/457 assets managed	3,025
No. of portfolio managers	4
Size of research staff	5

Morley Capital Management Inc. is an active GIC and stable asset manager.

The asset mix Jan. 1 was 5% cash and 95% guaranteed investment contracts/stable assets.

Harold H. Morley is chief investment officer; Joanne Burdic is client contact.

Mt. Auburn Management

79 Milk St., Boston, Mass. 02109;
(617) 423-7707

	($ millions)
Total assets managed	99
Total tax-exempt assets	90
Discretionary tax-exempt	90
No. of portfolio managers	1

Mt. Auburn Management, an active equity manager, takes a top-down/bottom up and growth-oriented approach.

The asset mix Jan. 1 was 95% stocks and 5% cash.

Alan J. Dworsky is chief investment officer and client contact.

Mount Lucas Management

100 Palmer Square, CN 190,
Princeton, N.J. 08542; (609)
924-8868

	($ millions)
Total assets managed	313
Total tax-exempt assets	300
Discretionary tax-exempt	300
No. of portfolio managers	4
Size of research staff	4

Mount Lucas Management Corp. is a managed futures manager.

The asset mix Jan. 1 was 100% managed futures.

Frank L. Vannerson is chief investment officer; Alan R. Kaufman is client contact.

MPT Associates Inc.

630 Fifth Ave., Suite 3670, New York,
N.Y. 10111; (212) 247-5858

	($ millions)
Total assets managed	1,683
Total tax-exempt assets	1,432
Discretionary tax-exempt	1,432
No. of portfolio managers	4
Size of research staff	2

MPT Associates Inc. is an active equity, balanced, TAA and currency manager.

Its equity approach is quantitative and bottom-up.

The firm manages $12 million of U.S., institutional, discretionary tax-exempt assets in overlay tactical asset allocation programs. All of the underlying assets are managed internally.

The asset mix Jan. 1 was 94.4% stocks, 1.5% bonds and 4.1% cash.

The parent is Lincoln National Corp.

Craig J. Lazzara is chief investment officer; F. Allen Dudley is client contact.

MSR Advisors

80 Maiden Lane, 19th Floor, New
York, N.Y. 10038; (212) 422-8040

	($ millions)
Total assets managed	301
Total tax-exempt assets	40
Discretionary tax-exempt	40
No. of portfolio managers	2

MSR Advisors is a technical equity manager.

Its equity approach is quantitative and technical.

The asset mix Jan. 1 was 99% stocks and 1% cash.

The parent is Piedmont Management Co.

Frank A. Peluso is chief investment officer; John D. Mathai is client contact.

M.S.S. Asset Allocation

11 E. 86th St., Suite 19B, New York,
N.Y. 10028; (212) 348-5600

	($ millions)
Total:	
Assigned to other firms	5
Tax-exempt:	
Assigned to other firms	5
No. of portfolio managers	5
Size of research staff	2

M.S.S Asset Allocation, a manager of managers, offers futures management.

The asset mix Jan. 1 was 100% futures.

Michael S. Segal is chief investment officer; Elizabeth A. Cirone is client contact.

MT Associates Investment Counsel Inc.

22 Front St., Suite 200, Toronto,
Ontario M5J 1C4; (416) 860-0616

	(U.S. $ millions)
Total assets managed	2,628
Total tax-exempt	2,340
Discretionary tax-exempt	2,340
No. of portfolio managers	13
Size of research staff	2

MT Associates Investment Counsel Inc., a Canadian firm, is an active domestic and international equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and seeks low p/e stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 42% Canadian stocks, 6% U.S. stocks, 43% bonds and 9% international stocks.

The parent is Montreal Trust.

D. Alex Wilson is chief investment officer; S. Keith Lupton is client contact.

MTH Asset Management

331 Madison Ave., New York, N.Y.
10017; (212) 370-0040

	($ millions)
Total assets managed	114
Total tax-exempt assets	114
Discretionary tax-exempt	114
Domestic equity, index	114
No. of portfolio managers	1

MTH Asset Management is an enhanced equity index manager.

The asset mix Jan. 1 was 100% stocks.

The parent is Miller/Tabak/Hirsch & Co.

Albert [illegible]wsky is chief investment officer; John D. Reynolds is client contact.

Mu-Cana Investment Counselling

227 King St. S., Waterloo, Ontario N2J
4C5; (519) 888-2750

	($ millions)
Total assets managed	5,963
Total tax-exempt	4,225
Discretionary tax-exempt	4,225
For subsidiaries of U.S. firms	423
Dedicated/immunized assets	75
Mortgage-backed assets	150
Non-North American equity, active	1
No. of portfolio managers	10
Size of research staff	2

Mu-Cana Investment Counselling, a Canadian firm, is an active equity, active bond, balanced, active international/global equity and short-term manager.

Its equity approach is bottom-up and value-oriented, emphasizing low p/e and small-cap stocks and using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 41% Canadian stocks, 12% U.S. stocks, 39% bonds, 2% cash, 4% mortgage-backed securities and 2% non-North American stocks.

The parent is Mutual Life of Canada.

H.E. Brough is chief investment officer; D.M. Paleczny is client contact.

Muhlenkamp & Co. Inc.

12300 Perry Highway, Wexford, Pa.
15090; (412) 935-5520

	($ millions)
Total assets managed	39
Total tax-exempt assets	26
Discretionary tax-exempt	22
No. of portfolio managers	1
Size of research staff	1

Muhlenkamp & Co. Inc. is an active equity, balanced and total return manager.

Its equity approach is bottom-up and uses Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 71% stocks, 22% bonds and 7% cash.

Ronald H. Muhlenkamp is chief investment officer and client contact.

Munder Capital Management

480 Pierce St., Suite 300, P.O. Box
3043, Birmingham, Mich.
48012-3043; (313) 647-9200

	($ millions)
Total assets managed	4,455
Total tax-exempt assets	3,253
Discretionary tax-exempt	3,253
No. of portfolio managers	12
Size of research staff	2

Munder Capital Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a growth and low p/e focus. Its fixed-income approach uses sector and yield curve analyses and constant duration.

The asset mix Jan. 1 was 52% stocks, 42%

bonds, and 6% cash.

Lee Munder is chief investment officer; Elyse G. Essick is client contact.

Murray Johnstone International Ltd.

875 N. Michigan Ave., Suite 3415,
John Hancock Center, Chicago, Ill.
60611; (312) 951-5995

	($ millions)
Total assets managed	363
Total tax-exempt assets	238
Discretionary tax-exempt	238
International equity, active	204
International bond, active	12
International cash assets	21
401(k)/457 assets managed	15
No. of portfolio managers	13
Size of research staff	49

Murray Johnstone International Ltd. is an active domestic and international equity, active domestic and international bond, balanced, and ADR manager.

Its equity approach is top-down, emphasizing growth and low p/es. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 86% stocks, 5% bonds and 9% cash.

The parent is Murray Management Ltd.

Michael Parlett is chief investment officer; Sue Mullin and William Daniels are client contacts.

Mutual of America Life Insurance Co.

666 Fifth Ave., New York, N.Y. 10103;
(212) 399-1600

	($ millions)
Total assets managed	5,685
Total tax-exempt assets	5,685
Discretionary tax-exempt	5,685
Equity real estate assets	18
Mortgage assets	121
Domestic equity, index	27
Mortgage-backed assets	1,002
International equity, active	23
No. of portfolio managers	6
Size of research staff	6

Mutual of America Life Insurance Co. is an active and passive equity, active bond, balanced and active international/global equity manager.

Its equity approach is bottom-up and value-oriented. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

In addition to the assets above, $284 million in U.S. institutional discretionary tax-exempt assets are passed to external managers.

Joan M. Casson and Thomas J. Verage are chief investment officers; William S. Conway is client contact.

N

Narragansett Capital Inc.

50 Kennedy Plaza, Providence, R.I.
02903; (401) 751-1000

	($ millions)
Total assets managed	250
Total tax-exempt assets	125
Discretionary tax-exempt	125
No. of portfolio managers	4
Size of research staff	4

Narragansett Capital Inc. is a leveraged buy-out manager.

Its asset mix Jan. 1 was 100% LBO investments.

Gregory P. Barber, Arthur D. Little, Jonathan Nelson and Roger A. Vandenberg are chief investment officers; Mr. Little is client contact.

National Asset Management

101 S. Fifth St., P.O. Box 36010,
Louisville, Ky. 40233; (502)
581-7668

	($ millions)
Total assets managed	4,104
Total tax-exempt assets	3,969
Discretionary tax-exempt	2,781
No. of portfolio managers	7
Size of research staff	4

National Asset Management Corp. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and value-oriented, using low p/e and multiple attributes. Its fixed-income approach uses sector and yield curve analyses and security selection.

The asset mix Jan. 1 was 25% stocks, 70% bonds, 5% cash.

The parent is National City Corp.

Irvin W. Quesenberry Jr. and William F. Chandler are chief investment officers; Carl W. Hafele is client contact.

National Bank of Commerce

13th & O streets, Lincoln, Neb. 68508;
(402) 434-4419

	($ millions)
Total assets managed	707
Total tax-exempt assets	203
Discretionary tax-exempt	172
International equity, active	15
401(k)/457 plan assets	203
No. of portfolio managers	5
Size of research staff	7

National Bank of Commerce is an active equity, balanced, active domestic and international/global bond, short-term and GIC fund manager.

Its equity approach is bottom-up and value-oriented, emphasizing low p/e stocks and Graham & Dodd analysis.

Its fixed-income approach is unhedged, using interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 31.4% stocks, 48% bonds, 12.3% cash, 5% equity real estate, 0.1% mortgages, 3.2% other.

The parent is First Commerce Bancshares.

Keith Broman is chief investment officer; Doug Laird is client contact.

National City Corp.

1900 E. Ninth St., Cleveland, Ohio
44114-3484; (216) 575-2000

	($ millions)
Total assets managed	20,500
Total tax-exempt assets	5,800
Discretionary tax-exempt	5,800
401(k)/457 assets managed	2,300
No. of portfolio managers	17
Size of research staff	11

National City Corp. is an active equity, active bonds, balanced, short-term and GIC manager. The assets of the subsidiaries listed below are included in the above data.

Its primary equity approach stresses growth stocks.

Shelia J. Rapp is chief investment officer and Timothy J. Driscoll is client contact for all of the subsidiaries.

- National City Bank, Cleveland, managed $8.9 billion in total assets and $2.2 billion in U.S., institutional, discretionary, tax-exempt assets.
- First Kentucky Trust Co. managed $7.4 billion in total assets and $2.7 billion in U.S., institutional, discretionary, tax-exempt assets.
- Banc Ohio National Bank managed $1.6 billion in total assets and $200 million in U.S., institutional, discretionary, tax-exempt assets.
- Ohio Citizens Bank managed $1 billion in total assets and $300 million in U.S., institutional, discretionary, tax-exempt assets.
- National City Bank Northeast managed $1 billion in total assets and $100 million in U.S., institutional, discretionary, tax-exempt assets.
- First National Bank, Dayton managed $600 million in total assets and $300 million in U.S., institutional, discretionary, tax-exempt assets.

National City Bank

1900 E. Ninth St., Cleveland, Ohio
44224-3484; (216) 575-2000

See entry for NATIONAL CITY CORP.

National City Bank Northeast

1 Cascade Plaza, Akron, Ohio
44308-1198; (216) 375-8300

See entry for NATIONAL CITY CORP.

National Community Bank of New Jersey-Trust & Investment Management Division

385 Rifle Camp Road, West Paterson,
N.J. 07424; (201) 357-7809

	($ millions)
Total assets managed	475
Total tax-exempt assets	410
Discretionary tax-exempt	410
401(k)/457 plan assets	10
No. of portfolio managers	3

National Community Bank of New Jersey — Trust & Investment Management Division is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is top-down and bottom-up, stressing growth. Its primary fixed-income approach is passive, using yield curve analysis.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

The parent is National Community Banks Inc.

Gene H. Martino is chief investment officer and client contact.

National Investment Services of America Inc.

815 E. Mason St., Milwaukee, Wis.
53202; (414) 271-6540

	($ millions)
Total assets managed	7,238
Total tax-exempt assets	6,690
Discretionary tax-exempt	6,690
Mortgage-backed assets	669
No. of portfolio managers	12
Size of research staff	4

National Investment Services of America Inc. is an active equity, active bond, balanced and enhanced index manager.

Its equity approach is quantitative, and looks at growth and low p/e stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 6% stocks, 84% bonds and 10% mortgage-backed securities.

Jess B. Yawitz and Eugene G. Martin are chief investment officers and client contacts.

NationsBank

NationsBank Plaza, TO 9-1, Charlotte,
N.C. 28255; (704) 386-2891

	($ millions)
Total assets managed	45,100
Total tax-exempt assets	21,000
Discretionary tax-exempt	21,000
Equity real estate assets	1,000
Domestic equity, index	650
Mortgage-backed assets	1,000
401(k)/457 plan assets	4,500
No. of portfolio managers	54
Size of research staff	11

NationsBank, formerly C&S/Sovran and NCNB, is an active and passive equity, active and passive bond, balanced, real estate, active international/global equity, short-term and enhanced index manager.

Its equity approach is top-down, stressing growth and low p/es. Its fixed income approach uses sector analysis.

The asset mix Jan. 1 was 49% stocks, 26% bonds, 15% cash, 5% equity real estate and 5% mortgage-backed securities.

The parent is NationsBank Corp.

Charles G. Smith IV is chief investment officer; Donald A. Steinbrugge is client contact.

Nationwide Life Insurance

1 Nationwide Plaza, Columbus, Ohio
43216; (614) 249-7111

	($ millions)
Total:	
Internal	12,219
Assets to other firms	3,758
Tax-exempt:	
Internal discretionary	7,715
Assets assigned to other firms	1,286
GICs	462
Annuities	835
401(k)/457 assets managed	4,375

Nationwide Life Insurance Co. is an active equity, active and passive bond and balanced manager.

Its equity approach is bottom-up, focusing on growth, emerging growth and low p/e stocks, Graham & Dodd analysis and sector rotation.

Its fixed-income approach uses sector analysis.

The parent is Nationwide Insurance Group.

Peter F. Frenzer is chief investment officer; Anthony F. Lisi is client contact.

Nazareth National Bank & Trust Co.

76 S. Main St., Nazareth, Pa. 18064;
(215) 746-7312

	($ millions)
Total assets managed	80
Total tax-exempt assets	40
Discretionary tax-exempt	30
401(k)/457 plan assets	1
No. of portfolio managers	1

Nazareth National Bank & Trust Co. is an active equity and balanced manager.

Its equity approach is yield-based and growth-oriented, and looks and low p/e stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash.

The parent is First Colonial Group Inc.

James E. Spengler is chief investment officer and client contact.

NBD Bank N.A.

611 Woodward Ave., Detroit, Mich.
48226; (313) 225-1000

	($ millions)
Total assets managed	14,900
Total tax-exempt assets	8,600
Discretionary tax-exempt	8,600
Domestic equity, index	321
Dedicated/immunized assets	340
International equity, active	15
401(k)/457 plan assets	400
No. of portfolio managers	24
Size of research staff	20

NBD Bank N.A. is an active and passive equity, active bond, balanced, active international/global equity and short-term manager.

Its equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

The parent is NBD Bancorp Inc.

James M. Lane is chief investment officer; John K. Broman is client contact.

Nelson, Benson & Zellmer

455 Sherman St., Suite 100, Denver,
Colo. 80203; (303) 778-6800

	($millions)
Total assets managed	531
Total tax-exempt assets	364
Discretionary tax-exempt	364
No. of portfolio managers	4

Nelson, Benson & Zellmer Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and growth-oriented; portfolios are fully invested. Its fixed-income approach uses interest rate anticipation and credit analysis.

The asset mix Jan. 1 was 92% stocks and 8% bonds.

The parent is United Asset Management.

W. Peterson Nelson is chief investment officer; John A. Benson is client contact.

Nelson Capital Management

525 University Ave., Suite 701, Palo
Alto, Calif. 94301; (415) 326-0200

	($millions)
Total assets managed	166
Total tax-exempt assets	72
Discretionary tax-exempt	72
401(k)/457 plan assets	5
No. of portfolio managers	4
Size of research staff	2

Nelson Capital Management is an active equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is top-down, stressing growth and low p/e stocks. Its fixed-income approach employs interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 40% stocks, 50% bonds and 10% cash.

Philip S. Nelson is chief investment officer; Trent A. Carmichael is client contact.

Neuberger and Berman

605 Third Ave., New York, N.Y. 10158;
(212) 476-9000

	($ millions)
Total assets managed	21,265
Total tax-exempt assets	9,898
Discretionary tax-exempt	9,898
401(k)/457 plan assets	350
No. of portfolio managers	53
Size of research staff	16

Neuberger and Berman is an active equity, active bond, balanced, short-term, TAA and mutual fund manager.

Its equity approach is bottom-up, stressing low p/e stocks. Fixed-income portfolios use limited maturities.

The asset mix Jan. 1 was 48% stocks, 42% bonds and 10% cash.

Richard A. Cantor is chief investment officer; Robert R. McComsey is client contact.

Neumeier Investment Counsel

26435 Carmel Rancho Blvd., Carmel,
Calif. 93923; (408) 625-6355

	($millions)
Total assets managed	25
Total tax-exempt assets	13
Discretionary tax-exempt	13
No. of portfolio managers	1

Neumeier Investment Counsel, an active equity manager, takes a bottom-up approach and uses low p/e stocks.

The asset mix Jan. 1 was 72% stocks and 28% cash.

Peter L. Neumeier is chief investment officer; James C. Vogelzang is client contact at (303) 629-1900.

Newbold's Asset Management Inc.

937 Haverford Road, Bryn Mawr, Pa.
19010; (215) 526-6500

	($ millions)
Total assets managed	8,114
Total tax-exempt assets	7,652
Discretionary tax-exempt	7,652
No. of portfolio managers	11
Size of research staff	1

Newbold's Asset Management Inc., an active equity and balanced manager, takes a bottom-up approach with a low p/e emphasis.

The asset mix Jan. 1 was 92% stocks, 8% cash.

The parent is United Asset Management Corp.

Timothy M. Havens is chief investment officer; Daniel J. Hopkins Jr. is client contact.

New England Investment

501 Boylston St., Boston, Mass.
02117; (617) 578-1330

See separate listings for Back Bay Advisors, Boylston Capital Advisors, Capital Growth Management, Copley Real Estate Advisors, Loomis, Sayles & Co., Marlborough Capital Advisors and Westpeak Investment Advisors.

Newport Pacific Management

601 California St., Suite 610, San
Francisco, Calif. 94108; (415)
781-5801

	($ millions)
Total assets managed	80
Total tax-exempt assets	30
Discretionary tax-exempt	30
International equity, active	29
International cash assets	1
No. of portfolio managers	1
Size of research staff	2

Newport Pacific Management, an active domestic and international/global equity manager, takes top-down and bottom-up approach, stressing growth, emerging growth and Pacific Basin strategies.

The asset mix Jan. 1 was 97% stocks, 3% cash.

John M. Mussey is chief investment officer and client contact.

New South Capital Management Inc.

755 Crossover Lane, Suite 233,
Memphis, Tenn. 38117; (901)
761-5561

	($ millions)
Total assets managed	809
Total tax-exempt assets	589
Discretionary tax-exempt	589
401(k)/457 plan assets	4
No. of portfolio managers	7

New South Capital Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, using low p/e and Graham & Dodd strategies. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 61% stocks, 27% bonds and 12% cash.

Steve Morrow is chief investment officer; Paul T. Gillespie is client contact.

New York Life Insurance Co.

51 Madison Ave., New York, N.Y.
10010; (212) 576-6449

	($ millions)
Total assets managed	48,078
Total tax-exempt assets	14,677
Discretionary tax-exempt	14,677
GICs	9,301
Annuities	2,534
Equity real estate assets	18
Mortgage assets	1,428
Domestic equity, index	184
Domestic bond, index	192
Mortgage-backed assets	1,544
International equity, active	27
401(k)/457 assets managed	7,500
No. of portfolio managers	8
Size of research staff	20

New York Life Insurance Co. is an active and passive equity, active and passive bond, balanced, active international/global equity, tactical asset allocation and large- and small-cap convertibles manager.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The separate account asset mix Jan. 1 was 23% stocks, 53.8% bonds, 17.6% cash, 2.3% equity real estate and 3.3% international equities.

Richard M. Kiernan is chief investment officer; Will Bashan is client contact.

NFJ Investment Group Inc.

2121 San Jacinto St., Suite 1440,
Dallas, Texas 75201; (214)
754-1780

	($ millions)
Total assets managed	344
Total tax-exempt assets	321
Discretionary tax-exempt	321
Domestic equity, index	321
No. of portfolio managers	3

NFJ Investment Group Inc., a passive equity manager, takes a bottom-up approach stressing low p/e.

The asset mix Jan. 1 was 100% stocks.

The parent is Pacific Financial Asset Management Co.

Chris Najork, Ben Fischer and John Johnson are chief investment officers; Robert M. Clark is client contact.

Nicholas Co. Inc.

700 N. Water St., Milwaukee, Wis.
53202; (414) 782-2499

	($ millions)
Total assets managed	353
Total tax-exempt assets	353
Discretionary tax-exempt	353
No. of portfolio managers	2
Size of research staff	2

Nicholas Co. Inc., an active equity and balanced manager, takes a top-down approach, emphasizing growth and low p/e stocks.

The asset mix Jan. 1 was 85% stocks, 5% bonds, 10% cash.

Albert Nicholas is chief investment officer; David L. Johnson is client contact.

Nicholas-Applegate Capital Management

501 W. Broadway, Suite 2000, San
Diego, Calif. 92101; (619) 234-4472

	($ millions)
Total assets managed	4,716
Total tax-exempt assets	3,862
Discretionary tax-exempt	3,862
International equity, active	10
401(k)/457 assets managed	157
No. of portfolio managers	8

Nicholas-Applegate Capital Management is an active domestic and international equity, balanced and convertibles manager.

Its equity approach is bottom-up and quantitative, emphasizing growth and emerging growth stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 96% stocks, 2% bonds and 2% cash.

Arthur E. Nicholas is chief investment officer; Daniel Beckham is client contact.

The Nicholson Group Inc.

12000 S.W. 92nd Ave., P.O. Box
56-1065, Miami, Fla. 33256; (305)
252-4090

	($ millions)
Total assets managed	20
Total tax-exempt assets	1
Discretionary tax-exempt	1
No. of portfolio managers	1

The Nicholson Group Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down, using a low p/e focus and market timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 30% bonds and 20% cash.

Robert Nicholson is chief investment officer and client contact.

Nikko Capital Management (USA) Inc.

350 Park Ave., New York, N.Y. 10022; (212) 319-2730

	($ millions)
Total assets managed	17,234
Total tax-exempt assets	264
Discretionary tax-exempt	264
International equity, index	97
International equity, active	167
No. of portfolio managers	43
Size of research staff	9

Nikko Capital Management (USA) Inc. is an active and passive equity, active domestic and international bond, balanced, active and passive international/global equity, enhanced index and convertibles manager.

Its primary equity approach is quantitative, top-down and bottom-up, using growth, low p/e, Graham & Dodd and sector rotation strategies. Its primary fixed-income approach is active, using interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 95% stocks and 5% cash.

The parent is Nikko International Capital Management Co. Ltd.

Stanley Kirtman is chief investment officer; David Rochman is client contact.

NM Capital Management Inc.

7510 Montgomery N.E., Suite 201, Albuquerque, N.M. 87109; (505) 888-9500

	($ millions)
Total assets managed	315
Total tax-exempt assets	134
Discretionary tax-exempt	134
No. of portfolio managers	5
Size of research staff	1

NM Capital Management Inc. is an active equity, active bond, balanced and municipal bond manager.

Its equity approach is top-down and bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 33% bonds, 7% cash.

Gerald S. Epstein is chief investment officer; Charles H. Womack is client contact.

Nomura Capital Management

180 Maiden Lane, Suite 2903, New York, N.Y. 10038; (212) 509-8181

	($ millions)
Total assets managed	3,866
Total tax-exempt assets	3,182
Discretionary tax-exempt	3,182
International equity, active	3,071
International bond, active	111
No. of portfolio managers	21

Nomura Capital Management Inc. is an active international/global equity, bond and balanced manager.

Its equity approach is top-down and bottom-up, emphasizing low p/e. Its fixed-income approach uses interest rate anticipation and yield curve analysis in hedged and unhedged accounts.

The asset mix Jan. 1 was 94% stocks, 6% bonds.

The parent is Nomura Investment Management Co. Ltd.

Takeo Nakamura is chief investment officer; Brian X. Fitzgibbon is client contact.

Steven A. Noroian & Associates Inc.

100 Pine St., Suite 2800, San Francisco, Calif. 94111; (415) 398-8766

	($ millions)
Total assets managed	97
Total tax-exempt assets	49
Discretionary tax-exempt	49
401(k)/457 plan assets	1
No. of portfolio managers	4
Size of research staff	1

Steven A. Noroian & Associates Inc., an active equity and balanced manager, takes a quantitative, bottom-up investment approach, using Graham & Dodd analysis and market timing.

The asset mix Jan. 1 was 98% stocks, 2% cash.

Steven A. Noroian is chief investment officer; Michael McNeill is client contact.

North American Capital Management

8820 Delmar, P.O. Box 6728, Prairie Village, Kan. 66206; (913) 381-8401

	($ millions)
Total assets managed	10
Total tax-exempt assets	5
Discretionary tax-exempt	5
401(k)/457 plan assets	1
No. of portfolio managers	1

North American Capital Management is an active and passive equity, active and passive bond, and balanced manager.

Its equity approach is top-down, bottom-up and quantitative, emphasizing growth and low p/e stocks, and using Graham & Dodd analysis, sector rotation and market timing.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Robert J. McElwain is chief investment officer and client contact.

The Northern Trust Co.

50 S. La Salle St., Chicago, Ill. 60675; (312) 630-6000

	($ millions)
Total assets managed	58,710
Total tax-exempt assets	35,904
Discretionary tax-exempt	35,904
Domestic equity, index	2,216
Domestic bond, index	444
Dedicated/immunized assets	325
International equity, active	21
International bond, active	15
401(k)/457 plan assets	14,927
No. of portfolio managers	64
Size of research staff	17

The Northern Trust Co. is an active equity and bond, balanced, passive equity and bond, active international/global equity and bond, short-term and enhanced index manager.

Its equity approach is bottom-up, with a growth emphasis. Its fixed-income approach uses interest rate anticipation, sector analysis, yield curve analysis and issue selection.

The asset mix Jan. 1 was 8% stocks, 6% bonds,

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Source: SEI. Based on performance of Growth Equity Fund gross of fees. ©1992 NationsBank Corporation.

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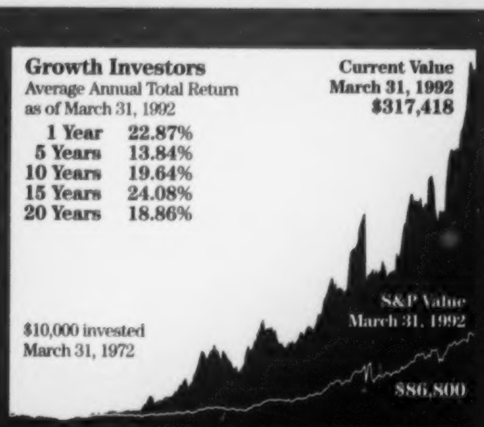

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and 86% cash.

The parent is Northern Trust Corp.

James L. Kermes is chief investment officer; Donald R. Pollak is client contact.

Northwest Quadrant

450 Newport Center Drive, Suite 420,
Newport Beach, Calif. 92660; (714)
720-9232

	($ millions)
Total assets managed	56
Total tax-exempt assets	28
Discretionary tax-exempt	28
International equity, active	1
401(k)/457 assets managed	2
No. of portfolio managers	3

Northwest Quadrant is an active domestic and international equity, active bonds, balanced and convertibles manager.

The equity approach is quantitative. Its fixed-income approach is hedged and quantitative.

The asset mix Jan. 1 was 95% stocks, 5% cash.

Roger Wilson is chief investment officer; Kate Rendall is client contact.

Norwest Investments and Trust

Sixth and Marquette, Norwest Center,
M.S. 2059, Minneapolis, Minn.
55479; (612) 667-7243

	($ millions)
Total:	
Internal	14,879
Assigned to other firms	1,092
Tax-exempt:	
Internal, discretionary	4,324
Assigned to other firms	679
Discretionary tax-exempt:	
Equity real estate assets	99
Domestic equity, index	201
No. of portfolio managers	49
Size of research staff	2

Norwest Investments and Trust, a manager of managers, offers active and passive equity, active bond, balanced, short-term, tactical asset allocation and GIC management.

The equity approach stresses growth and Graham & Dodd analysis. Its fixed-income approach uses sector and yield curve analyses and intermediate maturities.

The asset mix Jan. 1 was 35.8% stocks, 31% bonds, 25.8% cash, 2.3% equity real estate, 0.3% mortgages and 4.8% other.

The parent is Norwest Corp.

John R. Caswell is chief investment officer; Charles S. Bellows is client contact.

Nutter Investment Advisors

1 International Place, Boston, Mass.
02110-2699; (617) 439-2100

	($ millions)
Total assets managed	600
Total tax-exempt assets	6
Discretionary tax-exempt	6
No. of portfolio managers	2
Size of research staff	2

Nutter Investment Advisors is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, using Graham & Dodd analysis and sector rotation. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 95% stocks, 5% cash.

The parent is Nutter, McClennen & Fish.

Michael D. Aquilino is client contact.

NWQ Investment Management Co.

655 S. Hope St., 11th Floor, Los
Angeles, Calif. 90017; (213)
624-6700

	($ millions)
Total assets managed	4,847
Total tax-exempt assets	1,752
Discretionary tax-exempt	1,752
Mortgage-backed assets	105
No. of portfolio managers	10
Size of research staff	2

NWQ Investment Management Co. is an active equity, active bond, balanced and short duration fixed-income index manager.

The equity approach is top-down and bottom-up, stressing sector concentration and low p/e stocks.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 59% stocks, 29% bonds, 6% cash and 6% mortgage-backed securities.

David A. Polak is chief investment officer; Karen S. McCue is client contact.

Oak Hall Capital Advisors

122 E. 42nd St., Suite 2400, New
York, N.Y. 10168; (212) 455-9607

	($ millions)
Total assets managed	188
Total tax-exempt assets	116
Discretionary tax-exempt	116
International equity, active	8
International bond, active	3
No. of portfolio managers	3
Size of research staff	1

Oak Hall Capital Advisors Inc., an active equity manager, takes a bottom-up, contrarian approach, using Graham & Dodd analysis. Its fixed-income approach emphasizes high-yield securities.

The asset mix Jan. 1 was 90% stocks, 5% bonds, 5% cash.

John C. Hathaway is chief investment officer; John J. Hock is client contact.

Oak Ridge Investments Inc.

233 N. Michigan Ave., Suite 1807,
Chicago, Ill. 60601; (312) 616-1040

	($ millions)
Total assets managed	200
Total tax-exempt assets	24
Discretionary tax-exempt	24
No. of portfolio managers	2
Size of research staff	3

Oak Ridge Investments Inc. is an active and passive equity and tactical asset allocation manager.

In addition to the assets above, $50 million in U.S., institutional, discretionary, tax-exempt assets are passed to external managers for management.

The equity approach is bottom-up, stressing growth, emerging growth, low p/e and earnings-oriented growth.

The asset mix Jan. 1 was 97% stocks and 3% cash.

David Klaskin is chief investment officer; Mark C. Pappas is client contact.

Oakwood Counselors Inc.

50 Highway Nine, Morganville, N.J.
07751; (908) 536-9552

	($ millions)
Total assets managed	85
Total tax-exempt assets	20
Discretionary tax-exempt	20
No. of portfolio managers	3

Oakwood Counselors Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, using Graham & Dodd analysis and market timing techniques. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 60% stocks, 26% bonds and 14% cash.

Paul J. Sherman is chief investment officer; Kenneth H. Mantel is client contact.

The O'Connor Group

200 Park Ave., New York, N.Y. 10166;
(212) 687-7420

	($ millions)
Total assets managed	2,800
Total tax-exempt assets	2,450
Discretionary tax-exempt	1,450
Equity real estate assets	1,450

The O'Connor Group is a real estate manager.

All assets were in equity real estate Jan. 1.

The parent is J.W. O'Connor & Co.

Jeremiah W. O'Connor Jr. is chief investment officer; Nancy I. Lashine is client contact.

Oechsle International Advisors

1 International Place, 44th Floor,
Boston, Mass. 02110; (617)
330-8810

	($ millions)
Total assets managed	2,911
Total tax-exempt assets	2,692
Discretionary tax-exempt	2,692
International equity, active	2,576
International bond, active	116
No. of portfolio managers	9

Oechsle International Advisors is an active international/global equity and bond manager.

The equity approach is top down and bottom up. Its fixed-income approach uses interest rate anticipation, yield curve analysis and currency/active management.

The asset mix Jan. 1 was 95.9% stocks, 4.1% bonds.

Walter Oechsle is chief investment officer; Stephen Langer is client contact.

OFFITBANK

101 E. 52nd St., New York, N.Y.
10010; (212) 758-9600

	($ millions)
Total assets managed	3,819
Total tax-exempt assets	1,320
Discretionary tax-exempt	1,320
Mortgage-backed assets	249
International bond, active	533
International cash assets	76
No. of portfolio managers	14

OFFITBANK is an active domestic and international bond, short-term and high-yield manager.

The asset mix Jan. 1 was 81% bonds and 19% mortgage-backed securities.

Samuel R. Karetsky is client contact.

Ohio Citizens Bank

405 Madison Ave., Toledo, Ohio
43603-1263; (419) 259-7700

See entry for NATIONAL CITY CORP.

Olympic Capital Management

3320 Security Pacific Tower, Seattle,
Wash. 98101; (206) 447-9399

	($ millions)
Total assets managed	1,433
Total tax-exempt assets	1,206
Discretionary tax-exempt	1,206
No. of portfolio managers	6

Olympic Capital Management is an active equity, active bonds and balanced manager.

The equity approach is top-down, stressing Graham & Dodd analysis and sector rotation.

Its fixed-income approach employs interest rate anticipation, sector and yield curve analyses.

The asset mix Jan. 1 was 53% stocks, 40% bonds and 7% cash.

The parent is United Asset Management.

John S. Crowl is chief investment officer and client contact.

One Federal Asset Management

1 Federal St., Boston, Mass. 02043;
(617) 292-3771

	($ millions)
Total assets managed	2,843
Total tax-exempt assets	1,737
Discretionary tax-exempt	1,737
No. of portfolio managers	16
Size of research staff	6

One Federal Asset Management is an active equity, active bond, balanced and short-term manager.

The equity approach is bottom-up and stresses growth. Its fixed-income approach focuses on interest rate anticipation and sector analysis.

The parent is Shawmut National Co.

Rudolph Abel Jr. is chief investment officer; Albert R. Vandam is client contact.

Oppenheimer Capital

Oppenheimer Tower, World Financial
Center, New York, N.Y. 10281;
(212) 667-7512

	($ millions)
Total assets managed	23,610
Total tax-exempt assets	16,963
Discretionary tax-exempt	14,505
401(k)/457 assets managed	70
No. of portfolio managers	23
Size of research staff	6

Oppenheimer Capital is an active equity, active bond, balanced, short-term and TAA manager.

The equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses sector analysis.

The firm runs $2.597 billion in currency trend, overwriting and pace strategies. Of that, it runs $1.123 billion of the underlying assets.

The asset mix Jan. 1 was 76% stocks, 18% bonds and 6% cash.

The parent is Oppenheimer Financial.

George A. Long is chief investment officer; Frank P.L. Minard is client contact.

Optima Funds Management

1 Piedmont Center, Suite 705, Atlanta,
Ga. 30305; (404) 816-9800

	($ millions)
Total assets managed	30
Total tax-exempt assets	17
Discretionary tax-exempt	17
International equity, active	3
International bond, active	1
401(k)/457 assets managed	1
No. of portfolio managers	2

Optima Funds Management, formerly Carnegie Wealth Management and Carnegie Funds Management, is a balanced and active international/global equity and bond manager.

The equity approach is top-down and quantitative, using mutual funds. Its fixed-income approach uses interest rate anticipation, sector analysis and mutual funds.

The asset mix Jan. 1 was 40% stocks, 55% bonds and 5% cash.

Gary A. Miller is chief investment officer; Richard W. Whitehead is client contact.

Orleans Capital Management

200 Carondelet, New Orleans, La.
70130; (504) 592-4680

	($ millions)
Total assets managed	258
Total tax-exempt assets	73
Discretionary tax-exempt	73
No. of portfolio managers	4

Orleans Capital Management Corp. is an active equity, active bond, balanced and short-term manager.

In equities, it takes a bottom-up and core approach. Its fixed-income approach uses sector analysis and yield enhancement.

The asset mix Jan. 1 was 2% stocks, 98% bonds.

Louis F. Crane and Robert L. Rust are chief investment officers; Janet Rabalais is client contact.

Oxford Capital Management

606 Baltimore Ave., Suite 306,
Towson, Md. 21204; (410) 583-6808

	($ millions)
Total assets managed	274
Total tax-exempt assets	151
Discretionary tax-exempt	112
401(k)/457 assets managed	22
No. of portfolio managers	7
Size of research staff	2

Oxford Capital Management Inc. is an active equity, active bond, balanced, TAA and convertibles manager.

The equity approach is top-down and bottom-up, using growth stocks and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 62% stocks, 28% bonds and 10% cash.

John G. Danz Jr. is chief investment officer; James I. Lewis is client contact.

Emerging markets: Oct. 26.

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*Returns calculated as of December 31, 1991.

P

Pacific Financial Asset Management Corp.

700 Newport Center Drive, Newport
Beach, Calif. 92660; (714) 640-3981

See entries for Cadence Capital Management; NFJ Investment Group; Parametric Portfolio Management; Pacific Investment Management Co.; and PMRealty Advisors.

Pacific Financial Research

9601 Wilshire Blvd., Suite 828, Beverly
Hills, Calif. 90210; (310) 247-3939

	($ millions)
Total assets managed	1,830
Total tax-exempt assets	1,646
Discretionary tax-exempt	1,646
No. of portfolio managers	5
Size of research staff	3

Pacific Financial Research is an active equity and mutual fund manager.

Its equity approach is bottom-up and contrarian, using Graham & Dodd analysis.

The asset mix Jan. 1 was 64% stocks, 24% bonds and 12% cash.

James H. Gipson is chief investment officer; Jack E. Reynolds is client contact.

Pacific Investment Management Co.

840 Newport Center Drive, Suite 300,
P.O. Box 9000, Newport Beach,
Calif. 92658-9030; (714) 640-3031

	($ millions)
Total assets managed	36,169
Total tax-exempt assets	34,971
Discretionary tax-exempt	34,971
Domestic equity, index	1,606
Dedicated/immunized assets	468
Mortgage-backed assets	9,498
International bond, active	1,138
401(k)/457 assets managed	75
No. of portfolio managers	10

Pacific Investment Management Co. is an active equity, active domestic and international bond, balanced, short-term, enhanced index, mortgage-backed securities and long-duration fixed-income manager.

The equity approach is bottom up with a growth emphasis. Its fixed-income approach uses interest rate anticipation, sector and yield curve analysis and is active core.

The asset mix Jan. 1 was 5% stocks; 62% bonds; 7% cash; and 26% mortgage-backed securities.

The parent is Pacific Mutual.

William H. Gross is chief investment officer; Jim Muzzy and Margaret E. Riley are client contacts.

Pacific Mutual Life Insurance

700 Newport Center Drive, Newport
Beach, Calif. 92660; (714) 640-3040

	($ millions)
Total assets managed	8,635
Total tax-exempt assets	5,752
Discretionary tax-exempt	5,752
GICs	3,283
Annuities	1,355
Equity real estate assets	113
Mortgage assets	1,522
Mortgage-backed assets	1,542
International bond, active	243
International cash assets	41
401(k)/457 assets managed	2,929
No. of portfolio managers	3
Size of research staff	8

Pacific Mutual Life Insurance Co. is an enhanced index, GIC and annuity manager.

Its equity approach is active and yield based. Its fixed-income approach is passive based on yield curve analysis and using hedged and unhedged strategies.

All separate account assets were in bonds Jan. 1.

William Cvengros is chief investment officer; James C. Males is client contact.

Palley-Needelman Asset Management Inc.

800 Newport Center Drive, Suite 450,
Newport Beach, Calif. 92660; (714)
760-6644

	($ millions)
Total assets managed	1,123
Total tax-exempt assets	678
Discretionary tax-exempt	678
401(k)/457 assets managed	21
No. of portfolio managers	6
Size of research staff	6

Palley-Needelman Asset Management Inc. is an active equity and balanced manager.

The equity approach is bottom-up, emphasizing low p/e. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 65% stocks, 28% bonds and 7% cash.

Chet Needelman is chief investment officer; Raymond Pentz is client contact.

Emerging markets: Oct. 26.

PanAgora Asset Management

260 Franklin St., 22nd Floor, Boston,
Mass. 02110; (617) 439-6300

	($ millions)
Total assets managed	12,820
Total tax-exempt assets	10,157
Discretionary tax-exempt	10,157
Domestic equity, index	5,763
Domestic bond, index	2,654
International equity, index	1,055
Dedicated/immunized assets	497
International bond, active	34
International cash assets	154
No. of portfolio managers	21
Size of research staff	2

PanAgora Asset Management is a balanced, passive domestic and international equity, passive domestic and international bond, short-term, TAA and enhanced index manager.

The equity approach stresses market timing, value and growth. Its fixed-income approach uses MPT analysis.

The asset mix Jan. 1 was 76% stocks, 20% bonds and 4% cash.

Richard A. Crowell is chief investment officer; F. Corning Kenly is client contact.

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Meridian Investment Company

Pan-American Life Insurance
601 Poydras St., 10th Floor, New
Orleans, La. 70130-6010; (504)
566-3487

	($ millions)
Total assets managed	2,056
Total tax-exempt assets	1,130
Discretionary tax-exempt	1,130
GICs	972
No. of portfolio managers	2
Size of research staff	3

Pan-American Life Insurance Co. is an active equity and active bond manager.

Its equity approach is bottom-up stressing earnings fundamentals, low p/e stocks and sector rotation. Its fixed-income approach is hedged and uses buy and hold strategies.

The separate account asset mix Jan. 1 was 80% stocks, 13% bonds and 7% other.

Robert E. VanArsdall is chief investment officer; Chuck Bagley is client contact.

Paragon Asset Management
1000 Skokie Blvd., Suite 570,
Wilmette, Ill. 60091; (708) 256-6700

	($ millions)
Total	
Internal, discretionary	2
Assigned to other firms	6
Tax-exempt	
Assigned to other firms	1

Paragon Asset Management, a manager of managers, offers active and passive equity, active and passive bond, active international/global equity and bond and short-term management.

Lyle Kearns is chief investment officer; Mike Ryan is client contact.

Parametric Portfolio Associates Inc.
7310 Columbia Center, 701 Fifth Ave.,
Seattle, Wash. 98104; (206)
386-5575

	($ millions)
Total assets managed	684
Total tax-exempt assets	684
Discretionary tax-exempt	684
International equity, active	276
No. of portfolio managers	2
Size of research staff	1

Parametric Portfolio Associates Inc. is an active and passive equity and enhanced index manager.

The asset mix Jan. 1 was 100% stocks.

The parent is Pacific Mutual Life Insurance Co.

Mark England-Markun is chief investment officer; William Cornelius is client contact.

Pareto Partners
505 Park Ave., New York, N.Y. 10022;
(212) 527-1800

	($ millions)
Total assets managed	559
Total tax-exempt assets	559
Discretionary tax-exempt	559
International equity, active	63
International cash assets	496
No. of portfolio managers	4
Size of research staff	3

Pareto Partners is an active domestic and international equity and currency overlay manager.

The firm manages $496 million in overlay programs using currency risk modeling for U.S., institutional, discretionary, tax-exempt clients. All of the underlying assets are managed internally.

The equity approach is quantitative and top-down.

The parent is Mellon Bank.

Christine Downton is chief investment officer; Lynne S. Minard is client contact.

Parker Dillon Carlson & Johnson Inc.
120 W. Third St., Suite 300, Dayton,
Ohio 45402; (513) 223-0600

	($ millions)
Total assets managed	52
Total tax-exempt assets	27
Discretionary tax-exempt	27
401(k)/457 assets managed	5
No. of portfolio managers	3

Parker Dillon Carlson & Johnson Inc. is an active equity, active and passive bond and balanced manager.

Its equity approach is top-down, using growth stocks and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

Leslie O. Parker III is chief investment officer and client contact.

Parmelee Management Corp.
950 Third Ave., New York, N.Y. 10022;
(212) 753-1597

	($ millions)
Total assets managed	75
Total tax-exempt assets	60
Discretionary tax-exempt	60
401(k)/457 assets managed	5
No. of portfolio managers	1
Size of research staff	1

Parmelee Management Corp. is an active equity and balanced manager.

Its equity approach is top-down/bottom-up, with a growth emphasis and using sector rotation and market timing. Its fixed-income approach is active.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

Alfred G. Parmelee is chief investment officer and client contact.

Patricof & Co. Ventures Inc.
445 Park Ave., New York, N.Y. 10022;
(212) 753-6300

	($ millions)
Total assets managed	400
Total tax-exempt assets	300
Discretionary tax-exempt	300
No. of portfolio managers	8
Size of research staff	10

Patricof & Co. Ventures Inc. is a venture capital manager.

The asset mix Jan. 1 was 80% stocks, 10% bonds and 10% cash.

Alan J. Patricof is chief investment officer and client contact.

The Patterson Capital Corp.
2029 Century Park East, Suite 1540,
Los Angeles, Calif. 90067; (310)
556-2496

	($ millions)
Total assets managed	2,635
Total tax-exempt assets	2,385
Discretionary tax-exempt	2,385
Mortgage-backed assets	835
401(k)/457 assets managed	42
No. of portfolio managers	4

The Patterson Capital Corp. is an active bond and short-term manager.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 64% bonds, 1% cash and 35% mortgage-backed securities.

Joseph B. Patterson is chief investment officer; H. Patricia Gates is client contact.

Payden & Rygel
333 S. Grand Ave., Suite 3250, Los
Angeles, Calif. 90071; (213)
625-1900

	($ millions)
Total assets managed	11,100
Total tax-exempt assets	7,600
Discretionary tax-exempt	7,600
International bond, active	1,200
401(k)/457 assets managed	650
No. of portfolio managers	11
Size of research staff	5

Payden & Rygel is an active domestic and international bond and short-term manager.

Its fixed-income approach focuses on interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 100% bonds.

Joan A. Payden is chief investment officer; Lynda L. Faber is client contact.

PCM International Inc.
820 Morris Turnpike, Suite 102, Short
Hills, N.J. 07078; (201) 912-7500

	($ millions)
Total assets managed	673
Total tax-exempt assets	620
Discretionary tax-exempt	620
International equity, active	620
No. of portfolio managers	2
Size of research staff	3

PCM International Inc. is an active international/global equity and enhanced index manager.

Its equity approach is bottom-up, emphasizing growth and low p/e.

The asset mix Jan. 1 was 89% stocks, 11% cash.

The parent is Prudential Insurance Co. of America.

Barry Gillman is chief investment officer; Jeffrey Kutler is client contact.

Pell, Rudman & Co. Inc.
40 Rowes Wharf, Boston, Mass.
02110; (617) 439-6700

	($ millions)
Total assets managed	1,000
Total tax-exempt assets	50
Discretionary tax-exempt	50
No. of portfolio managers	5
Size of research staff	1

Pell, Rudman & Co. Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a focus on growth stocks and venture capital.

The asset mix Jan. 1 was 50% stocks, 50% bonds.

Anthony D. Pell is chief investment officer; Edward I. Rudman is client contact.

A report on the world's largest pension funds will be published July 6.

Some Plain Talk About Defined Contribution Plans

DIVERSITY

Can participants in your 401(k) or profit sharing plan get the diversity they need for a responsive retirement savings plan? Do they have a choice of investment options and styles so they can structure portfolios to pursue individual investment goals, in keeping with their risk tolerance? The range of investment styles and options you offer should match the diversity of your plan's participants.

Stocks and Bonds Equity funds provide long-term investors with the potential reward and risk of investing in common stocks. Bond, investment contract and money market funds use different levels of average maturity and quality to offer attractive current income and varying degrees of share price volatility.

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OF INVESTMENT COMPANIES

The Penn Mutual Life Insurance Co.

Independence Square, Philadelphia,
Pa. 19172; (215) 956-8000

	($ millions)
Total assets managed	6,086
Total tax-exempt assets	2,694
Discretionary tax-exempt	2,694
GICs	917
Annuities	1,777
Mortgage-backed assets	27
No. of portfolio managers	11
Size of research staff	7

Penn Mutual Life Insurance Co. is an active equity, active bond and short-term manager.

Its equity approach is top-down stressing growth stocks, sector rotation and market timing.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The separate account asset mix Jan. 1 was 56% stocks, 14% bonds, 28% cash, 1% mortgage-backed securities and 1% asset-backed securities.

William V. Ferdinand is chief investment officer; Wm. Borden Ayers is client contact.

Penreal Advisors Ltd.

1090 W. Georgia St., Suite 700,
Vancouver, British Columbia V6E
3V7; (604) 685-8351

	($ millions)
Total assets managed	428
Total tax-exempt	428
Discretionary tax-exempt	428
Equity real estate assets	428
No. of portfolio managers	28
Size of research staff	2

Penreal Advisors Ltd., a Canadian firm, is a real estate manager.

All assets were in equity real estate Jan. 1.

AMI Partners Inc. and T.A.L. Investment Counsel Ltd. together hold a 50% interest in the firm.

Walter R. Badun is chief investment officer; Malcolm F. Leitch is client contact.

Pension Management Co.

995 Galleria Financial Center, 5075
Westheimer, Houston, Texas 77056;
(713) 552-1440

	($ millions)
Total assets managed	30
Total tax-exempt assets	21
Discretionary tax-exempt	9
401(k)/457 plan assets	4
No. of portfolio managers	2
Size of research staff	2

Pension Management Co. is an active equity, active bond, balanced and convertibles manager.

Its equity approach is top-down, emphasizing growth and sector rotation. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 55% stocks, 40% bonds and 5% cash.

John Lee is chief investment officer; James Lee is client contact.

Pension Portfolio Advisors

25800 Northwestern Highway,
Southfield, Mich. 48075; (313)
357-4125

	($ millions)
Total:	
Assigned to other firms	530
Tax-exempt:	
Assigned to other firms	530
Size of research staff	4

Pension Portfolio Advisors, a manager of managers, offers active and passive equity, active bond, balanced and short-term management.

Of the assets above, $385 million is passed to its parent company, Royal Maccabees Life Insurance Co., for management. The balance is managed by external managers.

Donald I. Gregg is chief investment officer; Scott Kremer and Walt Hanson are client contacts.

Peregrine Capital Management

LaSalle Plaza, 800 LaSalle Ave., Suite
1850, Minneapolis, Minn.
55402-2018; (612) 343-7600

	($ millions)
Total assets managed	2,051
Total tax-exempt assets	1,758
Discretionary tax-exempt	1,758
Mortgage-backed assets	108
401(k)/457 plan assets	37
No. of portfolio managers	6
Size of research staff	1

Peregrine Capital Management is an active equity and active bond manager.

Its equity approach emphasizes growth, emerging growth and small-cap stocks. Its fixed-income approach uses sector analysis; portfolio insurance is offered.

The asset mix Jan. 1 was 71% stocks, 15% bonds, 8% cash, 6% mortgage-backed securities.

The parent is Norwest Corp.

Robert B. Mersky is chief investment officer; Derek Hepworth is client contact.

Perkins Capital Management

708 E. Lake St., Wayzata, Minn.
55391; (612) 473-8367

	($ millions)
Total assets managed	127
Total tax-exempt assets	64
Discretionary tax-exempt	64
No. of portfolio managers	3
Size of research staff	1

Perkins Capital Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up. Its fixed-income approach focuses on interest rate anticipation.

The asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Richard W. Perkins is chief investment officer; Harry A. Lindberg Jr. is client contact.

Philadelphia Investment Management Group

1616 Walnut St., Philadelphia, Pa.
19103; (215) 545-0079

	($ millions)
Total assets managed	242
Total tax-exempt assets	98
Discretionary tax-exempt	98
401(k)/457 plan assets	48
No. of portfolio managers	4
Size of research staff	2

Philadelphia Investment Management Group is an active equity, active bond and balanced manager.

Its equity approach is top-down, bottom-up and quantitative, using Graham & Dodd analysis and emphasizing growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 74% stocks, 21% bonds, 5% cash.

William M. Shottle is chief investment officer and client contact.

Philippe Investment Management Inc.

122 E. 42 St., New York, N.Y. 10168;
(212) 687-3616

	($ millions)
Total assets managed	805
Total tax-exempt assets	677
Discretionary tax-exempt	677
International equity, active	609
International cash assets	68
No. of portfolio managers	6
Size of research staff	8

Philippe Investment Management Inc., an active international/global equity manager, follows a top-down, bottom-up approach emphasizing low p/e.

The asset mix Jan. 1 was 90% stocks, 10% cash.

Beatrice Philippe is chief investment officer; Claudette Mayer is client contact.

The Phoenix

1 American Row, Hartford, Conn.
06115; (203) 275-5000

	($ millions)
Total assets managed	11,870
Total tax-exempt assets	4,344
Discretionary tax-exempt	4,344
GICs	612
Equity real estate assets	396
No. of portfolio managers	15
Size of research staff	6

The Phoenix is an active equity, active bond, balanced, real estate, short-term and convertibles manager.

Its equity approach is top-down with a growth emphasis. Its fixed-income approach uses sector analysis.

The separate account asset mix Jan. 1 was 85% stocks, 2% bonds, 7% cash, 6% equity real estate.

Philip R. McLaughlin is chief investment officer; Paul A. Atkins is client contact.

Directory of global custody and master trust providers: Oct. 12.

Phoenix Investment Management Co. L.P.

55 Pine St., Providence, R.I. 02903;
(401) 331-6650

	($ millions)
Total assets managed	290
Total tax-exempt assets	98
Discretionary tax-exempt	98
401(k)/457 plan assets	1
No. of portfolio managers	3

Phoenix Investment Management Co. L.P. is an active equity, active bond and balanced manager.

Its equity approach is opportunistic. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 48% stocks, 40% bonds, 12% cash.

Marie J. Langlois is chief investment officer; Gerald J. Fogarty Jr. is client contact.

Pictet International Management Ltd.

Cutlers Gardens, 5 Devonshire
Square, London EC2M 4LD,
England; 071-283-7471

HOW TO AVOID SLIPPING ON ICE

When scaling the highest peaks, you need sharp crampons under your boots. Using the right tools can be the difference between a glorious ascent and an unexpected drop in elevation. At BARRA, we know this is the essence of managing risk. When you combine your skills and instincts with our tools, you can achieve impressive results at high altitudes.

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As ranked by *Pensions & Investments*, 9 of the 10 fastest growing global managers, as well as 9 of the 10 fastest growing U.S. equity managers over $10 billion are BARRA clients. The same goes for 8 of the 10 largest managers of tax-exempt assets, and for over half of the 20 largest U.S. pension funds.

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	($ millions)
Total assets managed	2,200
Total tax-exempt assets	420
Discretionary tax-exempt	420
International equity, active	420
No. of portfolio managers	11
Size of research staff	25

Pictet International Management Ltd. is an active domestic and international equity, active domestic and international bond, balanced, small-cap and emerging markets manager.

Its equity approach is top-down and quantitative, emphasizing growth and low p/e.

The asset mix Jan. 1 was 100% stocks.

The parent is Pictet & Cie.

Bruce Albrecht is chief investment officer; Rod Hearn is client contact.

Piedmont Capital Management Associates

800 Main St., Suite 200, Hilton Head,
S.C. 29926; (803) 681-9023

	($ millions)
Total assets managed	450
Total tax-exempt assets	40
Discretionary tax-exempt	40
Mortgage-backed assets	4
No. of portfolio managers	3

Piedmont Capital Management Associates Inc. is an active equity, active bond, balanced and convertibles manager.

Its equity approach is bottom-up, with a growth, emerging growth focus. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 10% stocks, 80% bonds, 10% mortgage-backed securities.

Walter M. Campbell is chief investment officer and client contact.

Pilgrim, Baxter, Greig & Associates

1255 Drummers Lane, Suite 200,
Wayne, Pa. 19087; (215) 341-9000

	($ millions)
Total assets managed	1,869
Total tax-exempt assets	1,869
Discretionary tax-exempt	1,869
No. of portfolio managers	3
Size of research staff	3

Pilgrim, Baxter, Greig & Associates, an active equity manager, takes a bottom-up, quantitative approach, with a growth, emerging growth focus.

The asset mix Jan. 1 was 90% stocks, 10% cash.

Gary L. Pilgrim is chief investment officer; Harold J. Baxter is client contact.

Pinnacle Associates Ltd.

666 Fifth Ave., 14th Floor, New York,
N.Y. 10103; (212) 757-7333

	($ millions)
Total assets managed	602
Total tax-exempt assets	460
Discretionary tax-exempt	460
No. of portfolio managers	4
Size of research staff	3

Pinnacle Associates Ltd. is an active domestic and international equity and balanced manager.

Its equity approach is bottom-up, focusing on low p/e stocks and Graham & Dodd analysis.

The asset mix Jan. 1 was 85% stocks, 12% bonds and 3% cash.

Thomas Passios is chief investment officer and client contact.

Platner & Associates

462 Walnut St., Allentown, Pa. 18102;
(215) 821-0160

	($ millions)
Total assets managed	34
Total tax-exempt assets	5
Discretionary tax-exempt	5
401(k)/457 plan assets	1
No. of portfolio managers	2

Platner & Associates is an active equity, balanced, passive bond, TAA and convertibles manager.

Its equity approach is bottom-up and yield based, focusing on growth, emerging growth and low p/e stocks, and using sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 56% stocks, 34% bonds, 10% cash.

Robert F. Platner is chief investment officer and client contact.

PMRealty Advisors Inc.

800 Newport Center Drive, Suite 300,
Newport Beach, Calif. 92660; (714)
721-5000

	($ millions)
Total assets managed	737
Total tax-exempt assets	698
Discretionary tax-exempt	615
Equity real estate assets	544
Mortgage assets	71

PMRealty Advisors Inc. is a real estate manager.

The asset mix Jan. 1 was 88% equity real estate and 12% mortgages.

The parent is Pacific Financial Asset Management Co.

Lawrence K. Sullivan, James G. McWalters, Michael R. Neill and Glenn L. "Pete" Hammer are chief investment officers; Mr. Sullivan is client contact.

Emerging markets: Oct. 26.

Firms accepting accounts of less than $1 million

Abner, Herrman
Acorn Asset
Addison Capital
Aetna
AFA Financial
Affiliated Nat'l/Greeley
Albion Management
Fred Alger
Allegheny Financial
Alpha Source
Ambs Investment
American Agricultural
American Asset
American Fund
Ameritas Investment
Ameritrust
Amivest
AmSouth Bank
ANB Investment
Anchor Capital
Argus Investors' Counsel
Argus Investment
Ariston Capital
Arnold Investment
Associated Bank
Atalanta/Sosnoff
Audit Investments
Axe-Houghton
Bank of America
Bank IV
Bank of New York
Bank of the West
Barnett Banks
Bay Banks
Becker Capital
Bell Capital
Benchmark Asset
Berents Capital
Berger Associates
Sanford C. Bernstein
Beutel, Goodman
Bidwell & Riddle
William Blair
BMI Capital
Boatmen's Trust
Boston Advisory
Bounty Management
Bowman Financial
Bradford Investment
Brandes Investment
Bronner Group
Alex. Brown Kleinwort
Cadence Capital
Cadinha
Calamos Asset
Caldwell & Orkin
Cambridge Group
Campbell
Capital Advisors
Capital Investment
Capital Investment Services
Capital Trust
Cashen Investment
Cashman Farrell
Central Carolina Bank
Centurion Trust
Charter Research
Chase Manhattan/Conn.
Chrysalis Investments
CIC Asset
Classic Asset
Clean Yield
Clemente Capital
Clifton Group
Clover Capital
Collins Associates
Colorado Capital
Columbus Bank
Columbus Circle
Common Fund
Computime Institutional
Compu-Val Investments
Confederation Life
Connors Investor
Continental Assurance
Corbyn Associates
CoreStates Investment
Cornell Capital
Cowen Asset
Cozad Asset
Crabbe Huson
Crestar Bank
Cseh Int'l
Cullen Center Bank
Cumberland Advisors
John R. Cunningham
Cutler
Davenport
Davidson, Garrard
Davis, Hamilton
Davis, Weaver
Dawes Investment
Dean Investment
Dearden, Maguire
Delta Financial
Derby
Dimensional Fund
Dollins Symons
Carl Domino
Dorsey
Dundee Partners
Eads & Heald
Eastover Capital
Edgewood Management
Peter Ehrlich
Eickhoff, Pieper
Roger Engemann
Estabrook Capital
Evans & Moxon
Eveans, Bash
Evergreen Asset
Ewing Capital
Excalibur Management
Executive Investment
Fenimore Asset
Ferguson, Wellman
Ferguson Investment
Fidelity Investments
Fiduciary Management
Fifth Third Bank
Fine Capital
First Asset
First Austin Capital
First Capital Advisers
First Commercial Trust
First Interstate
First Interstate/Nev.
First Interstate/Va.
First Nat'l/Md.
First Pacific Advisors
First Tennessee Investment
First Union Nat'l
First Wisconsin Asset
Fiske Capital
Forest Investment
Forstmann-Leff
Foxhall Investment
Freedom Capital
Furgueson Capital
Gardner Lewis
Garrison, Keogh
General American Life
Geneva Capital
GeoVest Advisors
Kenneth J. Gerbino
Godsey & Gibb
Goldman Sachs Asset
R.W. Graybill
Growth Stock Outlook
Hamilton Management
Harris Investment
Hawaiian Trust
Hayek Investment
Heine Management
Heritage Investors
Hill Samuel/Investment Advisers
H.D. Hirsch
Hodges Capital
Holbrook, Keeton
Holt-Smith & Renk
Howard and McInnes
IBJ Schroder Bank
ICM Asset
IDS Trust
IDS Wealth
Independence One
Wm. A. Inskeep
Interinvest
Investment Advisors
Investment Advisors/Key Biscayne
Investment Counsel
Investment Counselors
Investment Management
Investors Asset
Investors Research
JCW Investments
Tom Johnson
Johnson Investment
Justin Asset
Kanawha Capital
Kanne, Paris
Karsten Realty
KAS Investment
Kayne, Anderson
Kemper Financial
Kennedy Capital
Kenwood Group
Kunath, Karren
Lang Asset
C.J. Lawrence
R.M. Leary
Legg Mason
Leonard Management
Liberty Nat'l Bank
Lincoln Nat'l
Lingo Capital
Lipman, Carasso
Manning & Napier
Manufacturers Bank
Marinvest
J.D. Martin
Marvin & Palmer
Mason Hill
Massachusetts Mutual
McMillion Capital
R. Meeder
Mendel Money Management
Mercantile-Safe Deposit
Merchants Bank
Meridian Management
Mesirow
Metropolitan Life
Midlantic Nat'l Bank
Mitchell Capital
Monetta Financial
Montag & Caldwell
Moody, Lynn
Moran Asset
Morley Capital
Muhlenkamp
Murray Johnstone Int'l
Mutual of America Life
M&I Investment
M.S.S. Asset Allocation
Nat'l Bank of Commerce
Nat'l City
Nat'l Community Bank/N.J.
NationsBank
Nazareth Nat'l Bank
NBD Bank
Nelson Capital
Neuberger & Berman
Neumeier Investment
New York Life
Nicholas-Applegate
Nicholson Group
NM Capital
Steven A. Noroian
North American Capital
Northern Trust
Northwest Quadrant
Norwest Investments
Nutter Investment
Oak Hall Capital
Oak Ridge
Oakwood Counselors
Oppenheimer Capital
Optima Funds
Oxford Capital
Pacific Investment
Paragon Asset
Parametric Portfolio
Parker Dillon
Pension Management
Pension Portfolio Advisors
Perkins Capital
Philadelphia Investment
Platner
Portfolio Group
Portfolio Timing
T. Rowe Price
T. Rowe Price Stable
Prime Asset
Primer Schill
Princeton Bank & Trust
Princeton Investment
Prudential Securities
Public Storage
Putnam
Quaker Capital
RAC Advisors
Ramsay Investment
Rayner Associates
Realty Income
Regan Money Managers
Reiser-Builder
Rice, Hall
Richter Asset
RNC Capital
Robertson Stephens
Robshaw & Cheskin
Rohden Capital
Rorer Asset
Rosenblum Silverman
Sabl Weil
Ronald Sadoff
St. Johns Investment
Salem Capital
SBC Portfolio
Schroder Real Estate
Schuylkill Capital
Seaboard Investment
Selected Asset
Sentinel Asset
Sentinel Real Estate
Shawmut Nat'l
Shearson Equity
Shearson Lehman
Sheffield Investment
Shinnecock Partners
Shurgard Realty Advisors
Simpson Capital
Sit/Kim Int'l
Herbert R. Smith
Smoot, Miller
Snyder Capital
Society
Spectrum Advisory
Standish, Ayer
Star Bank
Starbuck, Tisdale
State Street Bank
Statistical Sciences
Steele
Steere Investment
Stein Roe
Stephenson
Sterling Capital
Stratton Capital
Stuyvesant Capital
Sullivan, Morrissey
Sullivan Money Management
Sumitomo Bank/Calif.
Summit Advisors
Summit Investment
Swanson Capital
Swarthmore Group
Systematic Financial
Tanaka Capital
Tealwood Asset
TEL Advisors/Va.
Tempest, Isenhart, Chafee
Thompson, Siegel
Thompson/Rubinstein
Tokai Trust/N.Y.
Trascott, Alyson
Travelers
Trendstat Capital
Trinity Investment
Twentieth Century
UBS Asset
Union Capital
Union Investors Asset
Union Labor Life
United Jersey Bank
United Missouri
U.S. Nat'l/Galveston
U.S. Trust Asset/Boston
U.S. Trust
Valley Capital
Van Deventer & Hoch
Venture Capital/New England
Virginia Investment
Vydex Management Group
Walnut Asset
David E. Ware
Wedgewood Capital
Wells Fargo Nikko
Welsh Money Management
Wertheim Schroder
Western Capital
WFG Investment
Widmann, Siff
Willoughby, Holin
Wilmington Trust
Wilson Foster
Winrich Capital
Wood, Struthers
Wood Island
Wright Investors'
Yamaichi Int'l

PNC Financial Corp. Investment Management & Trust

P.O. Box 7648, Philadelphia, Pa.
19101; (215) 585-5497

	($ millions)
Total assets managed	32,700
Total tax-exempt assets	12,700
Discretionary tax-exempt	12,700
Equity real estate assets	23
Mortgage assets	3
Domestic equity, index	1,700
Domestic bond, index	14
Mortgage-backed assets	130
International equity, active	50
401(k)/457 assets managed	500
No. of portfolio managers	53
Size of research staff	30

PNC Financial Corp. Investment Management & Trust is an active and passive equity, active and passive bond, balanced, active international/global equity, short-term and enhanced index manager. The firm's assets were reflected by its separate subsidiaries in 1991.

The equity approach is bottom-up, stressing growth and low p/e stocks, Graham & Dodd analysis and enhanced index strategies.

Its fixed-income approach focuses on sector and yield curve analyses.

The asset mix Jan. 1 was 38% stocks, 41% bonds, 11% cash and 10% mortgage-backed securities.

The parent is PNC Financial Corp.

Robert J. Christian is chief investment officer and client contact.

The Portfolio Group Inc.

30 Rockefeller Plaza, New York, N.Y.
10112; (212) 621-2370

	($ millions)
Total assets managed	3,846
Total tax-exempt assets	589
Discretionary tax-exempt	486
Mortgage-backed assets	220
No. of portfolio managers	14
Size of research staff	1

The Portfolio Group Inc. is an active equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is bottom-up with a growth emphasis. In fixed-income, it uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 27% stocks, 25% bonds, 3% cash, 45% mortgage-backed securities.

The parent is Chemical Banking Corp.

Timothy J. Morris is chief investment officer; Edna Z. Parry is client contact.

Portfolio Timing Inc.

P.O. Box 2353, Tacoma, Wash.
98401; (205) 383-1676

	($ millions)
Total assets managed	40
Total tax-exempt assets	24
Discretionary tax-exempt	24
401(k)/457 assets managed	1
No. of portfolio managers	2
Size of research staff	1

Portfolio Timing Inc. is an active equity, active bond and short-term manager.

Its equity approach is based on market timing.

The asset mix Jan. 1 was 99% stocks, 1% bonds.

Carl J. Kludt is chief investment officer; Les Cathersal is client contact.

Posthorn Global Asset Management (U.K.) Ltd.

2 Broadgate, London, U.K. EC2M
7HA; 71-601-0021

	($ millions)
Total assets managed	2,290
Total tax-exempt assets	306
Discretionary tax-exempt	306
International equity, active	30
International bond, active	276
No. of portfolio managers	7

Posthorn Global Asset Management (U.K.) Ltd. is an active domestic and international/global equity, active domestic and international/global bond and short-term manager.

Its equity approach is top-down, based on quantitative market allocation.

Its fixed-income approach is unhedged and focuses on interest rate anticipation, yield curve analysis, currency allocation, country allocation and maturity/duration strategies.

The asset mix Jan. 1 was 10% stocks, 85% bonds and 5% cash.

The parent is American Express Co.

Pauline Barrett is chief investment officer; Ms. Barrett and Laura Panayotou are client contacts.

Precision Asset Management

1299 Ocean Ave., Suite 105, Los
Angeles, Calif. 90401; (310)
394-5756

	($ millions)
Total assets managed	22
Total tax-exempt assets	22
Discretionary tax-exempt	22
No. of portfolio managers	1
Size of research staff	1

Precision Asset Management is an active equity and bond manager.

Its equity approach is based on growth stocks.

Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 50% stocks, 50% bonds.

Joe E. Ransom is chief investment officer; Deborah J. Smith and Derrell R. Williams are client contacts.

T. Rowe Price Associates

100 E. Pratt St., Baltimore, Md. 21202;
(410) 547-2000

	($ millions)
Total assets managed	30,150
Total tax-exempt assets	10,775
Discretionary tax-exempt	10,690
Domestic equity, index	585
Domestic bond, index	4,110
Dedicated/immunized assets	10
Mortgage-backed assets	1,785
401(k)/457 savings plans	4,435
No. of portfolio managers	26
Size of research staff	36

T. Rowe Price Associates Inc. is an active and passive equity, active and passive bond, balanced, active international/global equity, active and passive international/global bond, short-term, enhanced index, venture capital, mortgage-backed and high-yield bond manager.

Its primary equity approach is bottom-up and stresses growth. Its primary fixed-income approach uses interest rate anticipation.

George J. Collins is chief investment officer; Charles H. Salisbury Jr. is client contact.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202;
(410) 547-2141

	($ millions)
Total assets managed	6,045
Total tax-exempt assets	4,788
Discretionary tax-exempt	4,788
International bond, index	475
International equity, active	3,880
International bond, active	258
International cash assets	175
401(k)/457 assets managed	45
No. of portfolio managers	12
Size of research staff	89

Rowe Price-Fleming International Inc. is an active international/global equity, active and passive international/global bond, active regional equity and active small-company/emerging markets equity manager.

Its equity approach is top-down and bottom-up, stressing growth stocks. Its fixed-income approach is hedged, using interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 81% stocks, 15% bonds and 4% cash.

The parent is T. Rowe Price Associates/Fleming Group.

Martin G. Wade is chief investment officer; George A. Murnaghan is client contact.

T. Rowe Price Stable Asset Management Inc.

4435 Waterfront Drive, Suite 306,
Glenn Allen, Va. 23060; (804)
346-0227

	($ millions)
Total assets managed	3,405
Total tax-exempt assets	3,405
Discretionary tax-exempt	3,405
401(k)/457 assets managed	2,940
No. of portfolio managers	4

T. Rowe Price Stable Asset Management Inc. is a guaranteed investment contracts manager.

The asset mix Jan. 1 was 95% GICs/BICs and 5% cash.

The parent is T. Rowe Price Associates Inc.

Kenneth L. Walker is chief investment officer; Keith W. Lewis is client contact.

Foreign exchanges: Sept. 14.

PRIFORM Investment Management

751 Broad St., Fifth Floor, Newark,
N.J. 07102-3777; (201) 802-6489

	($ millions)
Total assets managed	1,062
Total tax-exempt assets	1,031
Discretionary tax-exempt	1,031
401(k)/457 assets managed	7
No. of portfolio managers	2
Size of research staff	3

PRIFORM Investment Management, an active equity manager, uses a quantitative, bottom-up approach, emphasizing low p/es.

The asset mix Jan. 1 was 98.1% stocks, 1.9% cash.

The parent is The Prudential Insurance Co. of America.

Roger E. Ford is chief investment officer; Steven A. Bloom is client contact.

PRIMCO Capital Management Inc.

101 S. Fifth St., Suite 2150, Louisville,
Ky. 40202; (502) 589-2011

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Chief Financial Officer
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See entry for INVESCO MIM PLC (NORTH AMERICA).

Prime Asset Management
40 W. 57th St., 15th Floor, New York,
N.Y. 10019; (212) 315-4200

	($ millions)
Total assets managed	465
Total tax-exempt assets	425
Discretionary tax-exempt	425
Domestic equity, index	425
No. of portfolio managers	3
Size of research staff	3

Prime Asset Management Corp. is an active and passive equity, balanced, enhanced index, TAA, short-term and global options overlay manager.

Its equity approach is bottom-up and quantitative.

Its fixed-income approach is passive and hedged.

The asset mix Jan. 1 was 100% stocks.

Robert J. Groden is chief investment officer; Pamela K. Clement is client contact.

PRIMECAP Management Co.
225 S. Lake Ave., Suite 400,
Pasadena, Calif. 91101; (818)
304-9222

	($ millions)
Total assets managed	2,459
Total tax-exempt assets	1,973
Discretionary tax-exempt	1,973
No. of portfolio managers	3
Size of research staff	2

PRIMECAP Management Co., an active equity manager, uses a bottom-up approach, focusing on growth and Graham & Dodd strategies.

The asset mix Jan. 1 was 95.6% stocks, 4.4% cash.

Howard B. Schow is chief investment officer; W. John Wallace III is client contact.

Primer Schill & Associates
701 Fifth Ave., Suite 6801, Seattle,
Wash. 98104; (206) 386-7700

	($ millions)
Total	
Internal	48
Assigned to other firms	35
Tax-exempt	
Assigned to other firms	12
No. of portfolio managers	2
Size of research staff	1

Primer Schill & Associates, a manager of managers, offers active domestic and international/global equity, active bond, balanced, short-term, tactical asset allocation, venture capital and equity REIT management.

The equity approach is quantitative and focuses on venture capital. Its fixed-income approach is unhedged, stressing yield curve analysis.

The asset mix was 45% stocks, 46% bonds, 5% cash and 4% real estate.

Stanley R. Schill is chief investment officer; Stephen L. Kessler is client contact.

Princeton Bank and Trust
2 Tower Center, East Brunswick, N.J.
08816; (908) 220-3368

	($ millions)
Total assets managed	2,175
Total tax-exempt assets	378
Discretionary tax-exempt	322
401(k)/457 plan assets	65
No. of portfolio managers	15
Size of research staff	1

Princeton Bank and Trust Co. N.A. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up focusing on growth stocks. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 65% stocks, 35% bonds.

The parent is Chemical Bank New Jersey Holdings.

Francis B. Lane is chief investment officer; Joseph E. Serzan is client contact.

Princeton Investment Management Co.
15 Roszel Road, Princeton, N.J.
08540; (609) 452-7010

	($ millions)
Total assets managed	110
Total tax-exempt assets	25
Discretionary tax-exempt	15
International equity, active	1
No. of portfolio managers	2

Princeton Investment Management Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using low p/e stocks and Graham & Dodd analysis.

Its fixed-income approach is based on interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

William F. Primm is chief investment officer and client contact.

The Principal Financial Group
711 High St., Des Moines, Iowa
50392; (515) 247-6791

	($ millions)
Total assets managed	33,625
Total tax-exempt assets	23,996
Discretionary tax-exempt	23,996
GICs	19,008
Equity real estate assets	122
Mortgage assets	7,791
Domestic equity, index	84
Mortgage-backed assets	617
International equity, active	122
401(k)/457 assets managed	8,785
No. of portfolio managers	8
Size of research staff	35

The Principal Financial Group is an active domestic and international equity, active bond, passive equity, real estate, asset allocation and short-term manager.

Its equity approach is based on sector rotation.

The separate account asset mix Jan. 1 was 60% stocks, 9% bonds, 2% cash, 2% equity real estate, 4% mortgages, 3% mortgage-backed securities and 20% commercial paper.

Roy Ehrle is chief investment officer; Dan J. Fitzgerrell is client contact.

Progress Investment Management Co.
71 Stevenson St., Suite 1430, San
Francisco, Calif. 94105; (415)
512-3480

[illegible]

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404-939-2100	22-703-2750	5-252241	816-531-3888	71-283-5272	612-371-4951	212-978-2500	1-50-61-35-93	2-739-2163	2-241-4092	2-703-5308	33-285-0875

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	($ millions)
Total assets managed	359
Total tax-exempt assets	359
Discretionary tax-exempt	359
Mortgage-backed assets	9
No. of portfolio managers	2
Size of research staff	2

Progress Investment Management Co. is an active equity and bond manager.

The equity approach is top-down and bottom-up, focusing on growth and low p/e strategies and sector rotation. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 77.5% stocks, 16% bonds, 4% cas and 2.5% mortgage-backed securities.

Clayton Jue is chief investment officer; Marx Cazenave is client contact.

Property Capital Associates

1 Post Office Square, Boston, Mass.
02109; (617) 457-2400

	($ millions)
Total assets managed	1,092
Total tax-exempt assets	1,092
Discretionary tax-exempt	1,092
Equity real estate assets	1,092

Property Capital Associates is a real estate manager.

All assets were in equity real estate Jan. 1.

Anthony D. Fox is chief investment officer; Gary R. Schwandt is client contact.

Provident Investment Counsel

300 N. Lake Ave., Pasadena, Calif.
91101; (818) 449-8500

	($ millions)
Total assets managed	9,300
Total tax-exempt assets	8,336
Discretionary tax-exempt	8,336
401(k)/457 assets managed	75
No. of portfolio managers	9
Size of research staff	5

Provident Investment Counsel is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, focusing on growth and emerging growth strategies.

Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 77% stocks, 12% bonds and 11% cash.

Robert M. Kommerstad is chief investment officer; Jeffrey J. Miller is client contact.

Provident Life & Accident-Group Pension Department

1 Fountain Square, Chattanooga,
Tenn. 37402; (615) 755-7371

	($ millions)
Total assets managed	8,590
Total tax-exempt assets	8,571
Discretionary tax-exempt	8,571
GICs	7,222
Annuities	1,075
401(k)/457 assets managed	6,000
No. of portfolio managers	6
Size of research staff	9

Provident Life & Accident — Group Pension Department is an active equity, active bond and short-term manager.

Its fixed-income approach is hedged.

James Weishan is chief investment officer; David J. Unruh is client contact.

Prudential Asia Fund Management Ltd.

32/F Alexandra House, 18 Chater
Road, Central, Hong Kong; (852)
844-1055

	($ millions)
Total assets managed	323
Total tax-exempt assets	145
Discretionary tax-exempt	145
International equity, active	145
No. of portfolio managers	6
Size of research staff	15

Prudential Asia Fund Management Ltd. is an active domestic and international equity manager.

Its equity approach is top-down, focusing on growth, emerging growth and low p/e stocks.

All separate account assets were in stocks Jan. 1.

The parent is The Prudential Insurance Co. of America.

Elizabeth Tran is chief investment officer and client contact.

Prudential Asset Management Group

19 Prudential Plaza, Newark, N.J.
07960; (201) 802-6000

	($ millions)
Total assets managed	50,810
Total tax-exempt assets	50,558
Discretionary tax-exempt	50,558
GICs	23,194
Annuities	13,035
Equity real estate assets	445
Mortgage assets	13,087
Domestic equity, index	18
International equity, active	1,489
International bond, active	520
401(k)/457 assets managed	8,531

Prudential Asset Management Group's separate account asset mix Jan. 1 was 78% stocks, 19.5% bonds, 1% venture capital and 1.5% balanced.

The parent is Prudential Insurance Co. of America.

Garnett Keith is chief investment officer; Robert "Buck" Bowen is client contact.

Prudential Diversified Investment Strategies

20 Prudential Plaza, Newark, N.J.
07102; (201) 802-7427

	($ millions)
Total assets:	
Internal	2,081
Assigned to other firms	9,978
Tax-exempt assets:	
Internal, discretionary	2,081
Assigned to other firms	9,978
Discretionary, tax-exempt:	
Domestic equity, index	1,827
Domestic bond, index	254
401(k)/457 assets managed	600
No. of portfolio managers	7
Size of research staff	2

Prudential Diversified Investment Strategies is an active and passive domestic and international equity, active and passive bond, balanced, real estate, active international/global active bond, short-term, TAA and venture capital manager.

The equity approach is top-down. Its fixed-income approach uses sector analysis.

The parent is The Prudential Insurance Co. of America.

Paul C. Guidone is chief investment officer and client contact.

Prudential Equity Investors

717 Fifth Ave., Suite 1100, New York,
N.Y. 10022; (212) 753-0901

	($ millions)
Total assets managed	714
Total tax-exempt assets	325
Discretionary tax-exempt	325
No. of portfolio managers	15

Prudential Equity Investors Inc. is a venture capital and small-capitalization equity manager.

Its equity approach emphasizes growth, emerging growth and venture capital strategies.

The parent is Prudential Insurance Co. of America.

William S. Field and Robert A. Knox are chief investment officers; Paul O. Hirschbiel is client contact.

Prudential Fixed Income Advisors

2 Gateway Center, Seventh Floor,
Newark, N.J. 07102; (201) 802-7133

	($millions)
Total assets managed	15,562
Total tax-exempt assets	15,471
Discretionary tax-exempt	15,471
Domestic bond, index	4,949
Dedicated/immunized assets	8,783
Mortgage-backed assets	154
401(k)/457 assets managed	1,537
No. of portfolio managers	10
Size of research staff	24

Prudential Fixed Income Advisors is an active and passive bond, short-term, enhanced index, target duration and nuclear decommissioning trust manager.

Its primary fixed-income approach is active, using strict duration guidelines.

The asset mix Jan. 1 was 99% bonds, 1% mortgage-backed securities.

The parent is The Prudential Insurance Co. of America.

Leonard M. Santoro is chief investment officer; Thomas M. Heneghan is client contact.

Prudential Realty Group

3 Prudential Plaza, 751 Broad St.,
Newark, N.J. 07102-3777; (201)
802-3401

	($ millions)
Total assets managed	42,254
Total tax-exempt assets	5,275
Discretionary tax-exempt	5,133
Equity real estate assets	4,656
Mortgage assets	477
No. of portfolio managers	7
Size of research staff	7

Prudential Realty Group is a real estate manager.

The asset mix Jan. 1 was 90.7% equity real estate, 9.3% mortgages.

The parent is The Prudential Insurance Co. of America.

Eugene B. Heimberg is chief investment officer; Kevin Myers is client contact.

Prudential Securities Investment Management

9 W. 57th St., 40th Floor, New York,
N.Y. 10019; (212) 415-5828

	($ millions)
Total assets managed	1,950
Total tax-exempt assets	519
Discretionary tax-exempt	519
Mortgage-backed assets	10
401(k)/457 assets managed	125
No. of portfolio managers	11
Size of research staff	2

Prudential Securities Investment Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and value oriented, seeking growth at a reasonable price. Its fixed-income approach is based on sector and yield curve analyses.

The asset mix Jan. 1 was 40% stocks, 48% bonds, 10% cash, 2% mortgage-backed securities.

The parent is The Prudential Insurance Co. of America.

Stuart A. Shikiar is chief investment officer; Peter N. Marron and Jeffrey Laikind are client contacts.

Prudential Timber Investments Inc.

800 Boylston St., Suite 4766, Boston,
Mass. 02199; (617) 236-2474

	($ millions)
Total assets managed	74
Total tax-exempt assets	74
Discretionary tax-exempt	74
No. of portfolio managers	2
Size of research staff	3

Prudential Timber Investments Inc. invests in timberlands.

As of Jan. 1, the firm had $74 million in commitments for timberland investments.

The parent is The Prudential Insurance Co. of America.

Douglas W. Charles is chief investment officer; John M. Lord Jr. is client contact.

Public Storage Inc.

600 N. Brand Blvd., Suite 300,
Glendale, Calif. 91203; (818)
244-8080

	($ millions)
Total assets managed	2,300
Total tax-exempt assets	625
Discretionary tax-exempt	625
Equity real estate assets	625
No. of portfolio managers	6
Size of research staff	1

Public Storage Inc. is an real estate manager.

All assets were in equity real estate Jan. 1.

Hugh Horne is chief investment officer; William J. Chadwick is client contact.

The Putnam Cos. Inc.

1 Post Office Square, Boston, Mass.
02129; (617) 292-1000

	($ millions)
Total assets managed	52,192
Total tax-exempt assets	10,564
Discretionary tax-exempt	10,413
Mortgage assets	140
Domestic bond, index	1,440
Dedicated/immunized assets	818
International equity, active	194
International bond, active	1,682
No. of portfolio managers	47
Size of research staff	40

The Putnam Cos. Inc. is an active domestic equity and bond, active international/global equity and bond, and convertibles manager.

Its equity approach is bottom-up using growth stocks. Its fixed-income approach uses sector and yield curve analyses, emphasizing duration management.

The asset mix Jan. 1 was 18% stocks, 63% bonds, 1% mortgages and 18% international securities.

The parent is Marsh and McLennan Co.

Francis H.M. Kelly, Gary N. Coburn and Anthony W. Regan are chief investment officers; Thomas J. Lucey is client contact.

Pyrford International PLC

535 Madison Ave., 17th Floor, New
York, N.Y. 10022; (212) 891-0620

	($ millions)
Total assets managed	1,400
Total tax-exempt assets	2
Discretionary tax-exempt	2
International equity, active	0.6
International bond, active	0.4
International cash assets	1
No. of portfolio managers	5
Size of research staff	4

Pyrford International PLC is an active equity and balanced manager.

In its equity approach, country selection is top-down and security selection is bottom-up, using Graham & Dodd analysis. Its fixed-income approach is active, using interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 20% bonds, 50% cash.

The parent is Pyrford Holdings.

Bruce L. Campbell is chief investment officer; Franklin W. McCann is client contact.

Quaker Capital Management

1710 Allegheny Bldg., 429 Forbes
Ave., Pittsburgh, Pa. 15219; (412)
281-1948

	($ millions)
Total assetsmanaged	44
Total tax-exempt assets	17
Discretionary tax-exempt	17
No. of portfolio managers	1
Size of research staff	1

Quaker Capital Management Corp. is an active equity and balanced manager.

Its equity approach is bottom-up using low p/e value stocks. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 77% stocks, 17% bonds, 6% cash.

Mark G. Schoeppner is chief investment officer; Lori E. Bigham is client contact.

Qualivest Capital Management Inc.

P.O. Box 2758, Portland, Ore., 97208;
(503) 275-6806

	($ millions)
Total assets managed	4,371
Total tax-exempt assets	$1,384
Discretionary tax-exempt	1,384
Mortgage-backed assets	30
401(k)/457 assets managed	1,077
Number of portfolio managers	7
Size of research staff	1

Qualivest Capital Management Inc. is an active equity, active bond, balanced, short-term, TAA manager.

The equity approach is bottom-up, stressing Graham & Dodd principles.

Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 60% stocks, 38% bonds and 2% mortgage-backed securities.

Gary K. Sweitzer is chief investment officer and client contact.

QuantiLogic Asset Management Co. Inc.

44 Montgomery St., Suite 1950, San
Francisco, Calif. 94104; (415)
434-1130

	($ millions)
Total	
Assigned to other firms	1,576
Tax-exempt	
Assigned to other firms	1,576
No. of portfolio managers	2
Size of research staff	2

QuantiLogic Asset Management Co. Inc., a manager of managers, uses tactical asset allocation.

A. Darrell Braswell is chief investment officer; Jeffrey L. Winter is client contact.

Every autumn, Colorado's mountains resound to the bugling of Rocky Mountain Elk. With four-foot-wide antlers propelled by 800 pounds of muscle, the herd bulls fight ceaselessly to defend their harems.

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Janus Institutional Services

Janus Capital Corporation, 100 Fillmore Street, Suite 300, Denver, Colorado 80206-4923

Quest Advisory Corp.

1414 Avenue of the Americas, New
York, N.Y. 07030; (212) 486-1445

	($ millions)
Total assets managed	1,853
Total tax-exempt assets	693
Discretionary tax-exempt	693
No. of portfolio managers	2
Size of research staff	7

Quest Advisory Corp., an active equity manager, uses a bottom-up approach, emphasizing low p/e issues and Graham & Dodd analysis.

The asset mix Jan. 1 was 85% stocks, 1% bonds and 14% cash.

Charles M. Royce is chief investment officer; Joanne Newgard and Jack E. Fockler are client contacts.

R

RAC Advisors Inc.

4000 Tower Center, Suite 101,
Southfield, Mich. 48075; (313)
358-2282

	($ millions)
Total assets managed	15
Total tax-exempt assets	15
Discretionary tax-exempt	5
No. of portfolio managers	1

RAC Advisors Inc. is an active equity and balanced manager.

Its equity approach is Graham & Dodd value oriented. Its fixed-income approach is passive.

The parent company is Rodecker & Co. Investment Brokers Inc.

Arthur Rodecker is chief investment officer and client contact.

Rainier Investment Management Inc.

601 Union St., Suite 2801, Seattle,
Wash. 98101; (206) 464-0400

	($ millions)
Total assets managed	671
Total tax-exempt assets	623
Discretionary tax-exempt	623
401(k)/457 assets managed	56
No. of portfolio managers	4

Rainier Investment Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, using market timing and seeking growth at a price. Its fixed-income approach emphasizes intermediate maturity.

The asset mix Jan. 1 was 32% stocks, 52% bonds, 14% cash, 2% GICs.

James Margard is chief investment officer; J. Glenn Haber is client contact.

Ramsay Investment Counsel

810 Holly Sugar Building, Colorado
Springs, Colo. 80903; (719)
473-6925

	($ millions)
Total assets managed	$65
Total tax-exempt assets	$11
Discretionary tax-exempt	$11
No. of portfolio managers	2

Ramsay Investment Counsel Inc. is an active equity, balanced and passive bond manager.

Its equity approach is bottom up, emphasizing growth. In fixed income, an equal runoff approach is used.

The asset mix Jan. 1 was 50% stocks, 38% bonds and 12% cash.

Robert H. Ramsay is chief investment officer and client contact.

Rayner Associates Inc.

655 Redwood Highway, Suite 370, Mill
Valley, Calif. 94941; (415) 332-7433

	($ millions)
Total assets managed	157
Total tax-exempt assets	27
Discretionary tax-exempt	27
No. of portfolio managers	5

Rayner Associates Inc. is an active equity, active bond, balanced, international/global active equity, short-term and convertibles manager.

Its equity approach is bottom-up with a growth emphasis. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 39% stocks, 54% bonds, 5% cash and 2% limited partnerships.

Arno Rayner is chief investment officer and client contact.

RCB International Inc.

29 Federal St., Stamford, Conn.
06901; (203) 977-7000

	($ millions)
Total:	
Assigned to other firms	2,954
Tax-exempt:	
Assigned to other firms	1,305
No. of portfolio managers	4
Size of research staff	3

RCB International Inc., a manager of managers, offers active domestic and international/global equity, active domestic and international/global bond, real estate, short-term, venture capital and minority equity fund management.

The asset mix Jan. 1 was 58% stocks, 12% bonds, 11% cash, 18% equity real estate and 1% other.

William L. Green is chief investment officer; Robert J. Russell is client contact.

RCM Capital Management

4 Embarcadero Center, Suite 2900,
San Francisco, Calif. 94111; (415)
954-5474

	($ millions)
Total assets managed	22,951
Total tax-exempt assets	18,825
Discretionary tax-exempt	18,825
Mortgage-backed assets	2,160
International bond, active	54
No. of portfolio managers	11
Size of research staff	14

RCM Capital Management is an active domestic and international/global equity, active bond and balanced manager.

Its equity approach emphasizes growth. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 51.9% stocks, 33.1% bonds, 5.6% cash, 9.4% mortgage-backed securities.

Claude N. Rosenberg Jr. is chief investment officer; Melody L. McDonald is client contact.

Realty Income Corp.

220 W. Crest St., Escondido, Calif.
92025; (800) 854-1967

	($ millions)
Total assets managed	540
Total tax-exempt assets	10
Discretionary tax-exempt	10
Equity real estate assets	10

Realty Income Inc. is a real estate manager.

The asset mix Jan. 1 was 100% equity real estate.

William Clark is chief investment officer; Tom A. Lewis is client contact.

Reams Asset Management

227 Washington St., Columbus, Ind.
47201; (812) 372-6606

	($ millions)
Total assets managed	1,524
Total tax-exempt assets	1,509
Discretionary tax-exempt	1,509
No. of portfolio managers	2
Size of research staff	5

Reams Asset Management Co. Inc. is an active equity, active bond and limited duration fixed-income manager.

Its equity approach is bottom-up, emphasizing low p/e. Its fixed-income approach is generally unhedged, using interest rate anticipation, sector analysis and yield curve analysis. Foreign investments are hedged.

The asset mix Jan. 1 was 22% stocks, 77% bonds, 1% cash.

Fred W. Reams is chief investment officer; L. Paul Berman is client contact.

W.H. Reaves & Co. Inc.

30 Montgomery St., Jersey City, N.J.
07302; (201) 332-4596

	($ millions)
Total assets managed	961
Total tax-exempt assets	961
Discretionary tax-exempt	961
401(k)/457 assets managed	20
No. of portfolio managers	3
Size of research staff	9

W.H. Reaves & Co., an active equity manager, uses a yield-based, bottom-up approach; Graham & Dodd analysis is used.

The asset mix Jan. 1 was 91% stocks and 9% cash.

W.H. Reaves is chief investment officer; D.S. Robertson is client contact.

Redstone Advisors Inc.

8100 E. 22nd St., Bldg. 800, Wichita,
Kan. 67226; (316) 687-2143

	($ millions)
Total assets managed	528
Total tax-exempt assets	265
Discretionary tax-exempt	265
No. of portfolio managers	4

Redstone Advisors Inc., an active bond manager, uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 98% bonds and 2% cash.

Marc A. Vincent is chief investment officer and client contact.

Reed, Conner & Birdwell

11111 Santa Monica Blvd, Suite 1700,
Los Angeles, Calif. 90025; (310)
478-4005

	($ millions)
Total assets managed	582
Total tax-exempt assets	251
Discretionary tax-exempt	251
No. of portfolio managers	4

Reed, Conner & Birdwell is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, stressing growth and Graham & Dodd techniques. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Donn B. Conner is chief investment officer; Jeffrey Bronchick is client contact.

Regan Money Managers

7600 Parklawn Ave., Suite 300,
Minneapolis, Minn. 55431; (612)
835-1185

	($ millions)
Total assets managed	72
Total tax-exempt assets	18
Discretionary tax-exempt	18
International bond, active	2
No. of portfolio managers	3

Regan Money Managers is an active domestic and international equity, active domestic and international/global bond, balanced, short-term, gold and grain manager.

Its equity approach is top-down. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 45% stocks, 47% bonds, 6% cash and 2% gold bullion.

Robert M. Regan is chief investment officer; Charles T. Silverson Jr. is client contact.

Reinoso Asset Management

30 Broad St., New York, N.Y. 10004;
(212) 344-3646

	($ millions)
Total assets managed	78
Total tax-exempt assets	78
Discretionary tax-exempt	78
International equity, active	5
No. of portfolio managers	2

Reinoso Asset Management, an active equity manager, takes a bottom-up approach with a growth emphasis.

The asset mix Jan. 1 was 93% stocks, 7% cash.

Ernest Mysogland is chief investment officer; Jon Cartwright is client contact.

Reiser-Builder

7 Piedmont Center, Suite 721, Atlanta,
Ga. 30305; (404) 233-9341

	($ millions)
Total:	
Internal	35
Assigned to other firms	51
Tax-exempt:	
Internal, discretionary	8
Assigned to other firms	51
No. of portfolio managers	2
Size of research staff	1

Reiser-Builder is an active equity, active bond, balanced, tactical asset allocation and venture capital manager.

Its equity approach is bottom-up, using growth and emerging growth stocks, venture capital and market timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 44% stocks, 52% bonds and 4% cash.

Robert E. Reiser Jr. is chief investment officer and client contact.

Renaissance Investment Management Inc.

1700 Young St., Cincinnati, Ohio
45210; (513) 723-4500

	($ millions)
Total assets managed	1,400
Total tax-exempt assets	1,300
Discretionary tax-exempt	1,300
401(k)/457 assets managed	8
No. of portfolio managers	7
Size of research staff	3

Renaissance Investment Management Inc. is an active and passive equity, active bond, balanced and tactical asset allocation manager.

Its equity approach is bottom-up and quantitative, and looks at growth. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 95% stocks, 3% bonds and 2% cash.

Frank W. Terrizzi is chief investment officer; Donald W. Kennedy is client contact.

Resource Investments Inc.

Trade Center, Box 24, Airport Road,
West Lebanon, N.H. 03784; (603)
298-7001

	($ millions)
Total assets managed	390
Total tax-exempt assets	390
Discretionary tax-exempt	390
Equity real estate assets	390
No. of portfolio managers	3
Size of research staff	2

Resource Investments Inc. is a real estate manager, emphasizing U.S. and international timberland.

The asset mix Jan. 1 was 100% timberland.

Eric Oddleifson is chief investment officer; Christopher J. Broom is client contact.

The fifth anniversary of Black Monday: Sept. 28.

Resource Investors Management Co.

22 Waterville Road, Avon, Conn.
06001; (203) 678-8100

	($ millions)
Total assets managed	277
Total tax-exempt assets	130
Discretionary tax-exempt	130
No. of portfolio managers	5
Size of research staff	5

Resource Investors Management Co. is an oil and gas limited partnership manager.

The asset mix Jan. 1 was 10% bonds, 90% oil and gas partnerships.

John B. Parsons and Roy V. Hood are client contacts.

Retirement System Investors

41 E. 42nd St., New York, N.Y. 10017;
(212) 503-0160

	($ millions)
Total assets managed	493
Total tax-exempt assets	492
Discretionary tax-exempt	493
Mortgage assets	1
Dedicated/immunized assets	12
Mortgage-backed assets	50
International equity, active	21
International cash assets	1
401(k)/457 assets managed	85

Retirement System Investors Inc. is an active domestic and international/global equity, active bond, balanced and short-term manager.

Its equity approach is top-down/bottom-up and yield-based, looking at both growth and value. Sector rotation is used. Its fixed-income approach uses interest rate anticipation and sector, yield curve and credit analyses.

The asset mix Jan. 1 was 43% stocks, 40% bonds, 5% cash, 10% mortgage-backed securities and 2% asset backed securities.

The parent is Retirement System Group Inc.

James P. Coughlin is chief investment officer; Diane H. Dudzinski is client contact.

Rhumbline Advisers

30 Rowes Wharf, Suite 350, Boston,
Mass. 02151; (617) 345-0434

	($ millions)
Total assets managed	120
Total tax-exempt assets	120
Discretionary tax-exempt	120
Domestic equity, index	72
International equity, index	48
No. of portfolio managers	2
Size of research staff	1

Rhumbline Advisers is a passive domestic and international equity, enhanced index and index manager.

Its equity approach is quantitative.

The asset mix Jan. 1 was 100% stocks.

John A. Denney and Bing Sung are chief investment officers; Wayne T. Owen is client contact.

Rice, Hall, James Associates

1200 Third Ave., Suite 1600, San
Diego, Calif. 92101; (619) 239-9005

	($ millions)
Total assets managed	638
Total tax-exempt assets	300
Discretionary tax-exempt	300
401(k)/457 assets managed	10
No. of portfolio managers	10

Rice, Hall, James Associates is an active equity and balanced manager.

Its equity approach is bottom-up and growth-oriented. Its fixed-income approach is active.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

The parent is United Asset Management.

Samuel R. Trozzo is chief investment officer; H. Michael Collins is client contact.

Richter Asset Management

335 Madison Ave., New York, N.Y.
10017; (212) 599-5454

	($ millions)
Total assets managed	65
Total tax-exempt assets	55
Discretionary tax-exempt	55
No. of portfolio managers	1
Size of research staff	1

Richter Asset Management Corp., an active equity manager, takes a bottom-up approach, emphasizing low p/es and special situations.

The asset mix Jan. 1 was 92% stocks, 8% cash.

Morton Richter is chief investment officer; Madelyn Bucksbaum is client contact.

Riggs Investment Management Corp.

808 17th St. N.W., 11th Floor,
Washington, D.C. 20006; (202)
835-6700

	($millions)
Total assets managed	2,311
Total tax-exempt assets	1,319
Discretionary tax-exempt	1,319
401(k)457 savings plans assets	30
No. of portfolio managers	8
Size of research staff	3

Riggs Investment Management Corp. is an active and passive equity, active and passive bond, balanced and short-term manager.

Its equity approach is bottom-up and quantitative, and looks at growth and value.

Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 40% stocks. 50% bonds and 10% cash.

The parent is Riggs National Bank of Washington.

Robert von Pentz is chief investment officer and client contact.

Rightime Econometrics Inc.

The Forst Pavilion, Suite 1000,
Wyncote, Pa. 19095-1596; (215)
572-7288

	($ millions)
Total assets managed	920
Total tax-exempt assets	320
Discretionary tax-exempt	320
No. of portfolio managers	2
Size of research staff	3

Rightime Econometrics, Inc. is a TAA manager.

Its equity approach is top-down and quantitative. In fixed income, only Treasury issues are used.

The asset mix Jan. 1 was 99% stocks and 1% bonds.

David J. Rights is chief investment officer; Albert B. Murphy III is client contact.

RMI Capital Management Co.

3200 Cherry Creek S. Drive, Suite
430, Denver, Colo. 80209; (303)
777-3200

	($ millions)
Total assets managed	157
Total tax-exempt assets	157
Discretionary tax-exempt	157
Equity real estate assets	74
Mortgage assets	83
No. of portfolio managers	4
Size of research staff	4

RMI Capital Management Co. is a real estate and short-term manager.

The asset mix Jan. 1 was 47% equity real estate and 53% mortgages.

J. Richard Allen is chief investment officer; F. Robert Lee is client contact.

RNC Capital Management

11601 Wilshire Blvd., Penthouse
Floor, Los Angeles, Calif. 90025;
(310) 477-6543

	($ millions)
Total assets managed	1,100
Total tax-exempt assets	830
Discretionary tax-exempt	830
Mortgage-backed assets	5
401(k)/457 assets managed	17
No. of portfolio managers	7
Size of research staff	3

RNC Capital Management Co. is an active equity, active bond, balanced short-term and convertible manager.

Its equity approach is bottom-up, and uses Graham & Dodd analysis. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 43% stocks, 51% bonds, 5% cash and 1% mortgage-backed securities.

Thomas L. Roley is chief investment officer; Robert W. Nichols is client contact.

Robertson Stephens Investment Management

30 Tower Lane, Avon, Conn. 06001;
(415) 781-9700

	($ millions)
Total assets managed	265
Total tax-exempt assets	244
Discretionary tax-exempt	244
No. of portfolio managers	2
Size of research staff	14

Robertson Stephens Investment Management Inc. is an active equity manager.

Its equity approach is bottom-up, focusing on emerging growth and small-capitalization stocks.

The asset mix Jan. 1 was 94% stocks and 6% cash.

The parent is Robertson, Stephens & Co.

Robert C. Czepiel is chief investment officer; John Hallswirth is client contact.

Robshaw & Cheskin Associates Inc.

6245 Sheridan Drive, Suite 218,
Amherst, N.Y. 14221; (716)
633-6555

	($ millions)
Total assets managed	130
Total tax-exempt assets	72
Discretionary tax-exempt	66
401(k)/457 assets managed	0.5
No. of portfolio managers	3
Size of research staff	1

Robshaw & Cheskin Associates Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down and growth-oriented. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 20% bonds and 20% cash.

Stephen R. Robshaw is chief investment officer; Alan E. Cheskin is client contact.

Emerging markets: Oct. 26.

Rock Capital Management
220 Montgomery St., Suite 315, San Francisco, Calif. 94104; (415) 989-2572

	($ millions)
Total assets managed	59
Total tax-exempt assets	59
Discretionary tax-exempt	59
401(k)/457 assets managed	2
No. of portfolio managers	2
Size of research staff	1

Rock Capital Management, an active equity manager, takes a top-down, yield-based approach, using growth stocks and sector rotation.

The asset mix Jan. 1 was 68% stocks, 7% bonds and 25% cash.

The firm purchases index puts and writes covered calls on the $59 million under management.

Carl L. Rock is chief investment officer; Donald M. Bethe Jr. is client contact.

Rogge Global Partners
1720 Post Road East, Suite 12, Westport, Conn. 06880; (203) 254-7254

	($ millions)
Total assets managed	723
Total tax-exempt assets	663
Discretionary tax-exempt	663
International bond, active	583
No. of portfolio managers	3

Rogge Global Partners is an active international/global bond manager.

Its fixed-income approach emphasizes relative value analysis across countries.

The asset mix Jan. 1 was 88% bonds and 12% cash.

Olaf Rogge is chief investment officer; Julie M. Cochran is client contact.

Rohden Capital Management
38 S. Blaine Ave., Hinsdale, Ill. 60521; (708) 655-8858

	($ millions)
Total assets managed	1
Total tax-exempt assets	0.1
Discretionary tax-exempt	0.1
Domestic equity, index	0.1
No. of portfolio managers	1
Size of research staff	1

Rohden Capital Management Ltd. is a passive equity and TAA manager.

Its equity approach is top-down, and uses market timing. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 100% stocks.

Lawrence R. Powell is chief investment officer and client contact.

Roll and Ross Asset Management
587 Skippack Pike, Suite 400, Blue Bell, Pa. 19422; (215) 641-1448

	($ millions)
Total assets managed	1,833
Total tax-exempt assets	1,672
Discretionary tax-exempt	1,672
International equity, active	105
No. of portfolio managers	4
Size of research staff	3

Roll and Ross Asset Management is an active domestic and international/global equity and regional equity manager.

The equity approach is quantitative, using enhanced index strategies.

The asset mix Jan. 1 was 99% stocks and 1% cash.

Richard Roll is chief investment officer; Mark Garry is client contact.

Rorer Asset Management
1 Liberty Place, Suite 5150, Philadelphia, Pa. 19103; (215) 568-2126

	($ millions)
Total assets managed	100
Total tax-exempt assets	55
Discretionary tax-exempt	54
No. of portfolio managers	2
Size of research staff	1

Rorer Asset Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, and uses Graham & Dodd analysis.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

The parent is Edward C. Rorer & Co.

Edward C. Rorer is chief investment officer; Thomas I. Florence is client contact.

Rosenberg Institutional Equity Management
4 Orinda Way, Suite 300E, Orinda, Calif. 94563; (510) 254-6464

	($ millions)
Total assets managed	6,960
Total tax-exempt assets	6,091
Discretionary tax-exempt	6,091
International equity, active	1
Size of research staff	5

Rosenberg Institutional Equity Management is an active domestic and international/global equity manager.

Its equity approach is bottom-up and quantitative; Graham & Dodd analysis is used.

The asset mix Jan. 1 was 99% stocks and 1% cash.

Barr Rosenberg is chief investment officer; Marlis S. Fritz is client contact.

Rosenblum Silverman Sutton SF Inc.
1388 Sutter St., Suite 725, San Francisco, Calif. 94109; (415) 771-4500

	($ millions)
Total assets managed	182
Total tax-exempt assets	33
Discretionary tax-exempt	33
401(k)/457 assets managed	1
No. of portfolio managers	5
Size of research staff	1

Rosenblum Silverman Sutton SF Inc. is an active equity and balanced manager.

Its equity approach is top-down, stressing growth.

The asset mix Jan. 1 was 60% stocks, 30% bonds and 10% cash.

Barbara Rosenblum is chief investment officer; Phyllis Sutton is client contact.

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135 EAST FIFTY SEVENTH STREET
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Rothschild Asset Management Ltd.

5 Arrows House, St. Swithin's Lane,
London, England EC4N 8NR;
71-280-5000

	($ millions)
Total assets managed	24,100
Total tax-exempt assets	391
Discretionary tax-exempt	391
International bond, active	391
No. of portfolio managers	19

Rothchild Asset Management Ltd. is an active domestic and international/global bond and currency overlay manager.

Assets listed above for U.S., institutional, discretionary, tax-exempt clients are managed by its subsidiary, Rothschild International Asset Management Ltd.

In addition to the assets above, $2.662 billion in U.S., institutional, tax-exempt, discretionary assets are managed in currency overlay programs. Of the underlying assets, $391 million is managed internally.

Its fixed-income approach is hedged, using interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 100% bonds.

The parent company is Rothschild Inc.

Ken West is chief investment officer; Mark Connolly is client contact.

Rothschild International Asset Management Ltd.

5 Arrows House, St. Swithin's Lane,
London, England EC4N 8NR;
71-280-5000

See entry for ROTHSCHILD ASSET MANAGEMENT LTD.

Roxbury Capital Management

1800 Avenue of the Stars, Suite 1100,
Los Angeles, Calif. 90067; (310)
282-0820

	($ millions)
Total assets managed	503
Total tax-exempt assets	310
Discretionary tax-exempt	310
401(k)/457 assets managed	1
No. of portfolio managers	3
Size of research staff	1

Roxbury Capital Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing growth and Graham & Dodd analysis.

The asset mix Jan. 1 was 73% stocks, 17% bonds and 10% cash.

Anthony Browne is chief investment officer; Harry Wilson is client contact.

RPI Institutional Services

275 Madison Ave., New York, N.Y.
10016; (212) 986-7510

	($ millions)
Total assets managed	151
Total tax-exempt assets	151
Discretionary tax-exempt	6

RPI Institutional Services Inc. is a direct oil and gas investments manager.

All assets were in oil and gas investments Jan. 1.

R.C. Metzger is chief investment officer and client contact.

RREEF

650 California St., Suite 1800, San
Francisco, Calif. 94108; (415)
781-3300

	($ millions)
Total assets managed	4,545
Total tax-exempt assets	3,606
Discretionary tax-exempt	2,931
Equity real estate assets	2,885
Mortgage assets	46
No. of portfolio managers	12
Size of research staff	11

RREEF is a real estate manager.

The asset mix Jan. 1 was 96% equity real estate, 2% mortgages and 2% cash.

Donald A. King Jr. is chief investment officer; Stephen M. Steppe is client contact.

Ruane, Cunniff & Co. Inc.

1370 Avenue of the Americas, New
York, N.Y. 10019; (212) 245-4500

	($ millions)
Total assets managed	2,924
Total tax-exempt assets	1,490
Discretionary tax-exempt	1,490
No. of portfolio managers	3
Size of research staff	3

Ruane, Cunniff & Co. Inc. is an active equity manager.

The asset mix Jan. 1 was 72% stocks, 28% cash.

William J. Ruane is chief investment officer.

Frank Russell Trust Co.

909 A St., P.O. Box 1454, Tacoma,
Wash. 98401; (206) 572-2282

	($ millions)
Total	
Assigned to other firms	10,700
Tax-exempt	
Assigned to other firms	10,700

Frank Russell Trust Co., a manager of managers, offers active and passive equity, active bond, balanced, real estate, active international/global equity, short-term, TAA and private partnership management.

The equity approach is market-oriented, stressing growth and low p/e stocks. Its fixed-income approach focuses is an enhanced core strategy using sector rotation.

The asset mix Jan. 1 was 51% stocks, 23% bonds, 6% cash, 7% equity real estate, 7% GICs and 6% private placements.

The parent is Frank Russell Co.

Randall P. Lert is chief investment officer; Brian F. Barker is client contact.

RXR Capital Management

The Financial Centre, Stamford, Conn.
06902; (203) 323-5015

	($ millions)
Total assets managed	350
Total tax-exempt assets	125
Discretionary tax-exempt	125
No. of portfolio managers	2

RXR Capital Management is a balanced, short-term, TAA, enhanced index, futures, options and tangible/global asset manager.

Its fixed-income approach is active and hedged.

The parent is The RXR Group.

James McConnon is chief investment officer; Christopher Deakins is client contact.

Ryan Labs Inc.

350 Albany St., New York, N.Y. 10280;
(212) 945-2300

	($ millions)
Total assets managed	2,693
Total tax-exempt assets	2,688
Discretionary tax-exempt	1,688
Domestic bond, index	1,688
No. of portfolio managers	2
Size of research staff	6

Ryan Labs Inc. is an active bond and enhanced index manager.

Its fixed-income approach uses term structure modeling.

The asset mix Jan. 1 was 100% bonds.

Mark Altemus is chief investment officer.

S

Sabl Weil Investment Counsel

2444 Wilshire Blvd., Suite 500, Santa
Monica, Calif. 90403; (310)
828-4240

	($ millions)
Total assets managed	275
Total tax-exempt assets	32
Discretionary tax-exempt	32
401(k)/457 assets managed	23
No. of portfolio managers	2
Size of research staff	2

Sabl Weil Investment Counsel is an active equity and balanced manager.

Its equity approach is bottom-up, emphasizing growth, emerging growth and low p/e. Its fixed-income approach is interest rate anticipation.

The asset mix Jan. 1 was 71% stocks, 21% bonds and 8% cash.

Frederick M. Sabl is chief investment officer; Elizabeth B. Fortney is client contact.

Ronald Sadoff's Major Trends

250 W. Coventry Court, Milwaukee,
Wis. 53217; (414) 352-8460

	($ millions)
Total assets managed	70
Total tax-exempt assets	45
Discretionary tax-exempt	45
No. of portfolio managers	2

Ronald Sadoff's Major Trends is an active equity, active bond and balanced manager.

Its equity approach is top-down and value-oriented, emphasizing growth and emerging growth stocks, low p/e and Graham & Dodd analysis; market timing is used. Its fixed-income approach uses interest rate anticipation.

Ronald Sadoff is chief investment officer and client contact.

SAFECO Asset Management

SAFECO Plaza, T-14, Seattle, Wash.
98185; (206) 545-3496

	($ millions)
Total assets managed	2,096
Total tax-exempt assets	789
Discretionary tax-exempt	789
No. of portfolio managers	11
Size of research staff	6

SAFECO Asset Management Co. is an active equity and active bond manager.

Its equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach emphasizes duration.

The asset mix Jan. 1 was 48% stocks, 52% bonds.

The parent is SAFECO Corp.

Eugene Holen is chief investment officer; M Tucker Grills is client contact.

St. Johns Investment Management Co.

1301 Gulf Life Drive, Suite 2130,
Jacksonville, Fla. 32207; (904)
399-0662

	($ millions)
Total assets managed	62
Total tax-exempt assets	25
Discretionary tax-exempt	25
International equity, active	3
No. of portfolio managers	3
Size of research staff	1

St. Johns Investment Management Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, emphasizing low p/e stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 53% stocks, 32% bonds and 15% cash.

William L. Worrall is chief investment officer and client contact.

Salem Capital Management

400 Unicorn Park Drive, Woburn,
Mass. 01801; (617) 932-9005

	($ millions)
Total assets managed	161
Total tax-exempt assets	84
Discretionary tax-exempt	84
International equity, active	2
No. of portfolio managers	2

Salem Capital Management is an active equity, active bond and balanced manager.

Its equity approach is top-down and low p/e oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 60% bonds and 10% cash.

Henry Cook is chief investment officer; Mr. Cook and Hal Rubin are the client contacts.

Salomon Brothers Asset Management Inc.

7 World Trade Center, New York, N.Y.
10048; (212) 783-7000

	($ millions)
Total assets managed	6,109
Total tax-exempt assets	249
Discretionary tax-exempt	249
No. of portfolio managers	26
Size of research staff	11

Salomon Brothers Asset Management Inc. is an active equity, active bond, balanced, active international/global bond, short-term, convertibles, mortgage-backed securities and high-yield bond manager.

Its equity approach uses quantitative analysis and derivative securities. Its fixed-income approach uses quantitative analysis.

The parent is Salomon Inc.

Robert S. Salomon Jr. is chief investment officer and client contact.

Fayez Sarofim & Co.

2 Houston Center, Suite 2907,
Houston, Texas 77010; (713)
654-4484

	($ millions)
Total assets managed	24,077
Total tax-exempt assets	20,849
Discretionary tax-exempt	20,849
No. of portfolio managers	13
Size of research staff	9

Fayez Sarofim & Co. is an active equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is top-down and growth oriented. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 89.7% stocks, 9.2% bonds and 1.1% cash.

Fayez Sarofim is chief investment officer; James A. Reynolds is client contact.

Sasco Capital Inc.

10 Sasco Hill Road, Fairfield, Conn.
06430; (203) 254-6800

	($ millions)
Total assets managed	651
Total tax-exempt assets	651
Discretionary tax-exempt	651
No. of portfolio managers	4

Sasco Capital Inc., an active equity manager, takes a market timing, contrarian/value approach.

The asset mix Jan. 1 was 100% stocks.

Lee C. Garcia is client contact.

M.D. Sass Investors Services Inc.

1133 Avenue of the Americas, New
York, N.Y. 10036; (212) 730-2000

	($ millions)
Total assets managed	1,920
Total tax-exempt assets	1,765
Discretionary tax-exempt	1,765
Equity real estate assets	172
Mortgage-backed assets	248
401(k)/457 assets managed	20
No. of portfolio managers	12
Size of research staff	10

M.D. Sass Investors Services Inc. is an active equity, active bond, balanced, real estate, short-term, TAA, convertibles, arbitrage and distressed securities manager.

Its equity approach is top-down, bottom-up and quantitative, using Graham & Dodd analysis and sector rotation. Its fixed-income approach uses sector analysis, yield curve analysis and security selection in hedged and unhedged portfolios.

The asset mix Jan. 1 was 23% stocks, 35% bonds, 16% cash, 7% equity real estate, 13% mortgage-backed securities, 6% arbitrage and distressed securities limited partnerships.

Martin D. Sass is chief investment officer; Hugh R. Lamle is client contact.

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 8935,
New York, N.Y. 10048; (212)
432-8900

	($ millions)
Total assets managed	521
Total tax-exempt assets	374
Discretionary tax-exempt	374
International equity, active	363
International bond, active	11
401(k)/457 assets managed	28
No. of portfolio managers	5
Size of research staff	56

SBC Portfolio Management International Inc., an active international/global equity and bond manager, uses a top-down approach.

SBC provides currency overlays on $19 million, using capital flows and interest rate forecasting.

The asset mix Jan. 1 was 98.5% stocks and 1.5% cash.

Hanspeter Ackermann is chief investment officer; John W. Conlin is client contact.

Sceptre Investment Counsel

26 Wellington St. E., Suite 1200,
Toronto, Ontario M5E 1W4; (416)
367-9898

	($ millions)
Total assets managed	6,397
Total tax-exempt	6,217
Discretionary tax-exempt	6,217
For subsidiaries of U.S. firms	835
Non-North American equity, active	339
No. of portfolio managers	10
Size of research staff	1

Sceptre Investment Counsel Ltd., a Canadian firm, is an active domestic and international/global equity, active bond, balanced, short-term, tactical asset allocation and convertible manager.

Its equity approach is top-down, bottom-up and yield based, using Graham & Dodd analysis and sector rotation. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 31% Canadian stocks, 6% U.S. stocks, 51% bonds, 3% cash and 9% non-North American stocks.

J. Douglas Grant is chief investment officer; William Saunderson is client contact.

Schaenen Wood & Associates Inc.

600 Madison Ave., New York, N.Y.
10022; (212) 319-3666

	($ millions)
Total assets managed	1,179
Total tax-exempt assets	896
Discretionary tax-exempt	896
401(k)/457 assets managed	30
No. of portfolio managers	8

Schaenen Wood & Associates Inc. is an active equity, active bond, balanced and convertibles manager.

Its equity approach is bottom-up with a low p/e emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 69% stocks, 17% bonds and 14% cash.

Gary Wood is chief investment officer; William R. Bullion is client contact.

Scheetz, Smith & Co.

500 Grant St., Suite 2734, Pittsburgh,
Pa. 15215; (412) 765-3361

	($ millions)
Total assets managed	143
Total tax-exempt assets	77
Discretionary tax-exempt	77
No. of portfolio managers	2

Scheetz, Smith & Co., a convertible manager, takes a bottom-up approach using Graham & Dodd analysis.

The asset mix Jan. 1 was 100% convertibles.

Neil Y. Van Horn is chief investment officer; Donald D. Wolff Jr. is client contact.

Schroder Capital Management International

787 Seventh Ave., New York, N.Y.
10019; (212) 841-3838

	($ millions)
Total assets managed	5,823
Total tax-exempt assets	4,829
Discretionary tax-exempt	4,829
International equity, active	4,684
International bond, active	145
No. of portfolio managers	10
Size of research staff	63

Schroder Capital Managment International is an active domestic and international equity and active international/global bond manager.

Its equity approach is bottom-up. Its fixed-income approach uses interest rate anticipation, sector and yield yield curve analyses. Hedged and unhedged portfolios are offered.

The asset mix Jan. 1 was 97% stocks, 3% cash.

Richard R. Foulkes is chief investment officer; Sharon L. Haugh is client contact.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y.
10022; (212) 486-9800

	($ millions)
Total assets managed	1,145
Total tax-exempt assets	510
Discretionary tax-exempt	410
Equity real estate assets	410
No. of portfolio managers	4
Size of research staff	1

Schroder Real Estate Associates is a real estate manager, investing in opportunistic core properties.

The asset mix Jan. 1 was 100% real estate equity.

Norman L. Peck is chief investment officer; John E. Emmanuel and Linda Wooldridge are client contacts.

Schroder Ventures

787 Seventh Ave., 29th Floor, New
York, N.Y. 10019; (212) 841-3889

	($ millions)
Total assets managed	1,500
Total tax-exempt assets	168
Discretionary tax-exempt	168

Schroder Ventures is a venture capital and management buy-outs manager.

The asset mix Jan. 1 was 100% private equities.

The parent is Schroders PLC.

Nicholas E.H. Ferguson is chief investment officer; Neal J. Howe is client contact.

Schuylkill Capital Management Ltd.

1529 Walnut St., Sixth Floor,
Philadelphia, Pa. 19102; (215)
567-3930

	($ millions)
Total assets managed	28
Total tax-exempt assets	17
Discretionary tax-exempt	11
International equity, active	4
401(k)/457 assets managed	6
No. of portfolio managers	2
Size of research staff	1

Schuylkill Capital Management Ltd. is an active domestic and international/global equity, active bond, balanced and convertibles manager.

Its equity approach is top-down and bottom-up, emphasizing growth stocks and Graham & Dodd analysis.

Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 55% stocks, 30% bonds and 15% cash.

Howard A. Trauger is chief investment officer and client contact.

SCN Capital Management

1401 Main St., Columbia, S.C. 29226;
(803) 765-3727

	($ millions)
Total assets managed	887
Total tax-exempt assets	421
Discretionary tax-exempt	421
No. of portfolio managers	4

SCN Capital Management Corp. is an active equity, active bond and balanced manager.

Its equity approach is quantitative and emphasizes low p/e stocks. Its fixed-income approach uses sector and yield curve analyses and is unhedged.

The asset mix Jan. 1 was 70% stocks and 30% bonds.

The parent is South Carolina National Corp.

Herschel C. Pittenger is chief investment officer and client contact.

Walter Scott International

626 Wilshire Blvd., Suite 410, Los
Angeles, Calif. 90017; (213)
623-2800

	($ millions)
Total assets managed	650
Total tax-exempt assets	306
Discretionary tax-exempt	306
International equity, active	306
No. of portfolio managers	4

Walter Scott International is an active international/global equity manager.

Its equity approach is top-down and bottom-up, with a growth and sector rotation emphasis.

The asset mix Jan. 1 was 100% stocks.

The parent is Walter Scott & Partners.

Walter G. Scott is chief investment officer; Richard A. Miller is client contact.

A special report on the world's largest pension funds will be published July 6.

Scudder, Stevens & Clark
345 Park Ave., New York, N.Y. 10154;
(212) 326-6200

	($ millions)
Total assets managed	63,684
Total tax-exempt assets	15,182
Discretionary tax-exempt	12,111
Mortgage-backed assets	1,450
International equity, active	1,550
International bond, active	750
International cash assets	50
No. of portfolio managers	103
Size of research staff	60

Scudder, Stevens & Clark Inc. is an active equity, active bond, balanced, active international/global equity and bond, and convertibles manager.

Its equity approach is bottom-up, with a growth emphasis. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 32% stocks, 47% bonds, 9% cash and 12% mortgage-backed securities.

Edmond D. Villani is chief investment officer; Edmund J. Thimme Jr. is client contact.

The consultants directory will be published Nov. 9.

Seaboard Investment Advisers Inc.
150 Boush St., Suite 800, Norfolk, Va.
23510; (804) 640-7300

	($ millions)
Total assets managed	655
Total tax-exempt assets	459
Discretionary tax-exempt	459
401(k)/457 assets managed	50
No. of portfolio managers	4
Size of research staff	2

Seaboard Investment Advisers Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down and quantitative, using Graham & Dodd methods. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 60% stocks, 35% bonds and 5% cash.

Eugene W. Hansen is chief investment officer; Stewart M. Powers Jr. is client contact.

Seamark Asset Management
1801 Hollis St., Suite 310, Halifax,
Nova Scotia B3J 3N4; (902)
423-9367

	($ millions)
Total assets managed	400
Total tax-exempt	350
Discretionary tax-exempt	350
No. of portfolio managers	3

Seamark Asset Management Ltd., a Canadian firm, is an active equity, active bond and balanced manager.

Its equity approach is bottom-up; it looks at growth and low p/es. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 40% Canadian stocks, 12% U.S. stocks and 48% bonds.

The parent is North American Life Assurance Co.

G. Peter Marshall is chief investment officer and client contact.

Sears Investment Management Co.
55 W. Monroe St., Suite 3200,
Chicago, Ill. 60603; (312) 875-0450

	($ millions)
Total assets managed	5,866
Total tax-exempt assets	5,866
Discretionary tax-exempt	5,866
Domestic equity, index	1,219

Sears Investment Management Co. is an active and passive equity, active bond, balanced, short-term, venture capital and convertibles manager.

The asset mix Jan. 1 was 50.4% stocks, 27.4% bonds, 20.4% cash, 1.8% venture capital.

The parent is Sears, Roebuck and Co.

David V. Dootson is chief investment officer and client contact.

Seattle Capital Management
701 Fifth Ave., 8th Floor, Seattle,
Wash. 98104; (206) 358-3246

	($ millions)
Total assets managed	3,752
Total tax-exempt assets	1,019
Discretionary tax-exempt	1,019
Dedicated/immunized assets	20
Mortgage-backed assets	193
401(k)/457 assets managed	329
No. of portfolio managers	5

Seattle Capital Management Co. is an active bond, short-term and enhanced index manager.

Its fixed-income approach is sector analysis.

The asset mix Jan. 1 was 57% bonds, 19% mortgage-backed securities and 24% money market funds.

The parent is Seattle First National Bank, BankAmerica Corp.

Kenneth D. Schultz is chief investment officer; Niki Helides is client contact.

Security Capital Management Inc.
70 Seaview Ave., Stamford, Conn.
06902; (203) 964-9411

	($ millions)
Total assets managed	1,044
Total tax-exempt assets	991
Discretionary tax-exempt	991
Domestic bond, index	850
International bond, index	141
401(k)/457 assets managed	27
No. of portfolio managers	4
Size of research staff	1

Security Capital Management Inc. is an active and passive domestic and international bond, short-term and enhanced index manager.

Its fixed-income approach is hedged; it uses yield curve analysis and enhanced index accounts.

The asset mix Jan. 1 was 100% bonds.

Robert C. Brewer is chief investment officer and client contact.

Seidner & Co.
P.O. Box 60510, Pasadena, Calif.
91116; (800) 445-0888

	($ millions)
Total assets managed	363
Total tax-exempt assets	238
Discretionary tax-exempt	238
Mortgage-backed assets	0.5
No. of portfolio managers	3

Seidner & Co., an active bond and short-term manager, uses sector and yield curve analyses.

The asset mix Jan. 1 was 75% bonds, 20% cash and 5% mortgage-backed securities.

Alan G. Seidner is chief investment officer; Sandee Sheek is client contact.

Selected Asset Management
120 S. Riverside Plaza, Chicago, Ill.
60606; (312) 669-7700

	($ millions)
Total assets managed	691
Total tax-exempt assets	450
Discretionary tax-exempt	450
Mortgage-backed assets	27
401(k)/457 assets managed	18
No. of portfolio managers	6

Selected Asset Management is an active equity, active bonds, balanced and short-term manager.

The equity approach is bottom-up, emphasizing growth, emerging growth and fundamental value. Its fixed-income approach uses interest rate anticipation, sector analysis and is unhedged.

The asset mix Jan. 1 was 40.4% stocks, 44.2% bonds, 9.4% cash and 6% mortgage-backed securities.

The parent is Kemper Corp.

James V. Moeller is chief investment officer; Mary A. Wickers is client contact.

J & W Seligman & Co. Inc.
130 Liberty St., New York, N.Y. 10006;
(212) 488-0212

	($ millions)
Total assets managed	10,037
Total tax-exempt assets	3,451
Discretionary tax-exempt	3,451
401(k)/457 assets managed	45
No. of portfolio managers	22
Size of research staff	10

J & W Seligman & Co. Inc. is an active equity, active bond, balanced and active international/global equity and bond manager.

Its equity approach is bottom-up and growth-oriented.

The asset mix Jan. 1 was 74% stocks, 18% bonds and 8% cash.

Ronald T. Schroeder is chief investment officer; Michael J. Del Priore is client contact.

Sentinel Asset Management
445 Marine View Ave., Suite 103, Del
Mar, Calif. 92014-3951; (619)
793-4848

	($ millions)
Total assets managed	42
Total tax-exempt assets	7
Discretionary tax-exempt	7
No. of portfolio managers	2

Sentinel Asset Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up with a growth and emerging growth emphasis, using market timing and technical factors.

Its fixed-income approach uses interest rate anticipation, sector and yield curve analyses.

The asset mix Jan. 1 was 7% stocks, 72% bonds and 21% cash.

John G. Wells is chief investment officer; Andrew B. Gallagher is client contact.

Sentinel Real Estate Corp.
1290 Avenue of the Americas, 26th
Floor, New York, N.Y. 10104; (212)
408-2900

	($ millions)
Total assets managed	2,231
Total tax-exempt assets	1,779
Discretionary tax-exempt	1,250
Equity real estate assets	1,176
Mortgage assets	74
No. of portfolio managers	4
Size of research staff	6

Sentinel Real Estate Corp., a real estate manager, uses a yield-based approach.

The asset mix Jan. 1 was 95% equity real estate and 5% mortgages.

John H. Streicker is chief investment officer; David Weiner is client contact.

SGI Asset Management Inc.
866 Third Ave., New York, N.Y. 10022;
(212) 605-4800

	($ millions)
Total assets managed	515
Total tax-exempt assets	120
Discretionary tax-exempt	120
International equity, index	6
International bond, active	71
International cash assets	43
No. of portfolio managers	3
Size of research staff	3

SGI Asset Management Inc. is an active international/global bond, short-term and currency manager.

Its equity approach is top-down and semi-active.

Its fixed-income approach uses interest rate anticipation, sector and yield curve analyses and quantitative risk assessments.

Andrew P. Smith is chief investment officer; David A. Goracy is client contact.

Shawmut National Corp.
777 Main St., Hartford, Conn. 06115;
(203) 728-4399

	($ millions)
Total assets managed	9,729
Total tax-exempt assets	3,022
Discretionary tax-exempt	2,787
Domestic equity, index	29
International equity, active	5
401(k)/457 assets managed	669
No. of portfolio managers	50
Size of research staff	6

Shawmut National Corp. is an active and passive equity, active bond, balanced, active international/global equity, short-term and GIC manager.

Its equity approach is bottom-up and growth oriented. Its fixed-income approach uses interest rate anticipation, emphasizing security selection.

The asset mix Jan. 1 was 39.9% stocks, 38.4% bonds, 20.6% cash and 1.1% other.

R. Abel Jr. is chief investment officer; Albert Vandam and Roger Lawson are client contacts.

Shearson Asset Management
2 World Trade Center, 100th Floor,
New York, N.Y. 10048; (212)
298-6800

	($ millions)
Total assets managed	8,119
Total tax-exempt assets	2,962
Discretionary tax-exempt	2,962
401(k)/457 assets managed	30
No. of portfolio managers	20
Size of research staff	3

Shearson Asset Management is an active equity, active bond and balanced manager.

Its equity approach is top-down and bottom-up with a growth bias.

The asset mix Jan. 1 was 52% stocks, 43% bonds and 5% cash.

The parent is American Express Co.

Harry D. Cohen is chief investment officer; Stuart S. Parker is client contact.

Shearson Equity Management
2 World Trade Center, 100th Floor,
New York, N.Y. 10048; (212)
298-6196

	($ millions)
Total assets managed	1,278
Total tax-exempt assets	380
Discretionary tax-exempt	380
401(k)/457 assets managed	10
No. of portfolio managers	3
Size of research staff	1

Shearson Equity Management is an active equity, balanced and convertibles manager.

Its equity approach is bottom-up with a growth bias. Its fixed-income approach is interest rate anticipation.

The asset mix Jan. 1 was 87% stocks, 10% bonds and 3% cash.

The parent is American Express Co.

Barry Berlin is chief investment officer; Jack Hochstrasser is client contact.

Shearson Lehman Advisors
2 World Trade Center, 101st Floor,
New York, N.Y. 10048; (800)
848-7470

	($ millions)
Total assets managed	37,861
Total tax-exempt assets	995
Discretionary tax-exempt	995
Dedicated/immunized assets	74
No. of portfolio managers	7
Size of research staff	4

Shearson Lehman Advisors is an active equity, active bond, balanced, short-term, enhanced index and immunized manager.

Its equity approach uses sector rotation with low p/e and Graham & Dodd bias. Its primary fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 48% stocks, 47% bonds and 5% cash.

The parent is American Express Co.

Frank V. Caruso is chief investment officer; Peter Frazier is client contact.

Sheffield Investment Management Inc.
900 Circle 75 Parkway, Suite 750,
Atlanta, Ga. 30339; (404) 953-1597

	($ millions)
Total assets managed	29
Total tax-exempt assets	17
Discretionary tax-exempt	17
International equity, active	0.3
International bond, active	0.8
No. of portfolio managers	1

Sheffield Investment Management Inc. is an active equity, active bond and convertibles manager.

Its equity approach is bottom-up with a growth emphasis. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 49% stocks, 50% bonds and 1% cash.

Roger A. Sheffield is chief investment officer; Mr. Sheffield and Caroline Scott are client contacts.

Shields Asset Management
709 Westchester Ave., White Plains,
N.Y. 10604; (914) 684-6900

	($ millions)
Total assets managed	5,518
Total tax-exempt assets	5,518
Discretionary tax-exempt	5,518
Dedicated/immunized assets	200
Mortgage-backed assets	300
No. of portfolio managers	7
Size of research staff	7

Shields Asset Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down and bottom-up, using sector rotation. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 36% stocks, 54% bonds, 5% mortgage-backed securities and 5% cash.

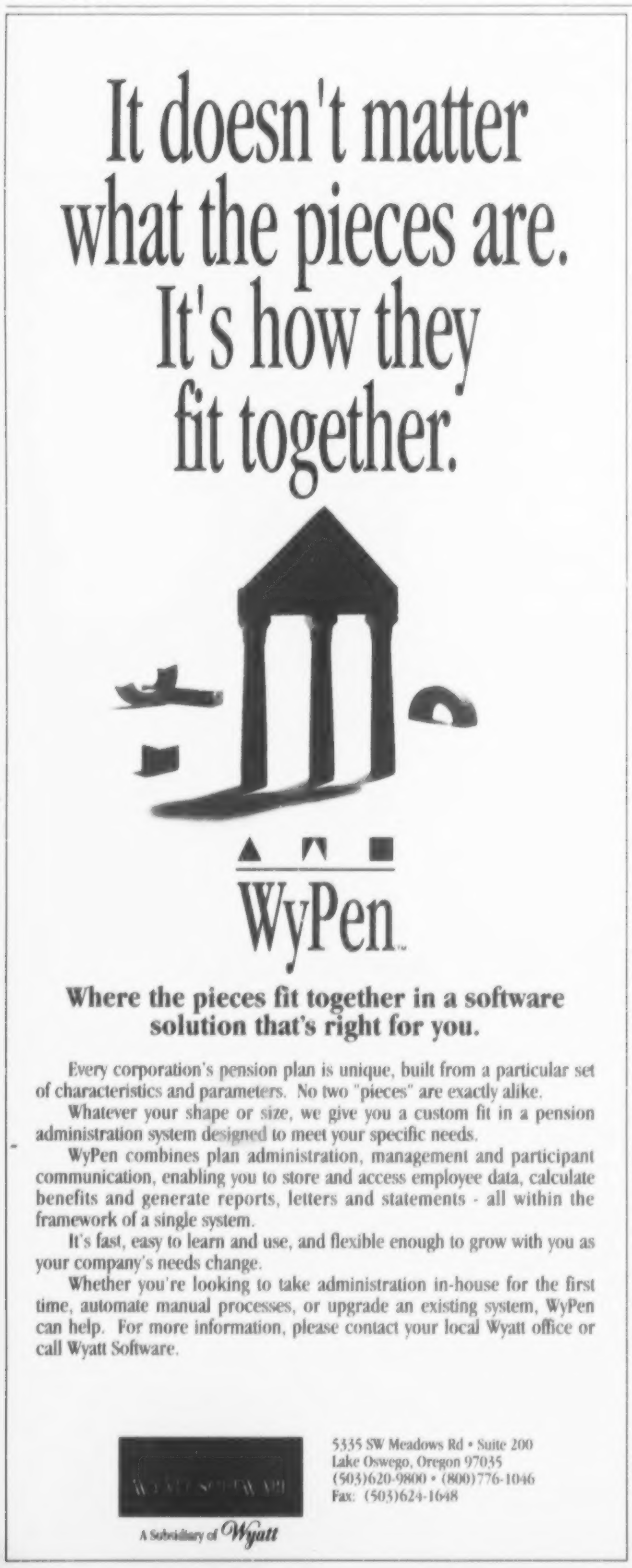
The parent is Xerox Financial Services.

Andrew Sifton is chief investment officer; John R. Larkin is client contact.

Shinnecock Partners
477 Madison Ave., New York, N.Y.
10022; (212) 935-1133

	($ millions)
Total assets managed	20
Total tax-exempt assets	7
Discretionary tax-exempt	7
No. of portfolio managers	1
Size of research staff	1

Shinnecock Partners is an active equity, active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bond, balanced and convertibles manager.

In addition to the assets above, $5 million in U.S. institutional discretionary tax-exempt assets are passed to external managers.

Its equity approach is bottom-up, with a growth emphasis and using Graham & Dodd analysis. Its fixed-income approach is hedged, using sector and yield curve analyses.

The asset mix Jan. 1 was 60% stocks, 25% bonds, 2% cash, 13% commodities and futures.

George F. Amrhein Jr. is chief investment officer and client contact.

Shurgard Realty Advisors
1201 Third Ave, Suite 2200, Seattle,
Wash. 98101; (206) 624-8100

	($ millions)
Total assets managed	750
Total tax-exempt assets	100
Discretionary tax-exempt	100
Equity real estate assets	100

Shurgard Realty Advisors, a real estate manager, takes an active, bottom-up approach, timing the market.

The asset mix Jan. 1 was 100% equity real estate.

The parent is Shurgard Inc.

David Grant is chief investment officer and client contact.

Simpson Capital Management Co.
1205 PSFS Bldg., Philadelphia, Pa.
19107; (215) 629-0162

	($ millions)
Total assets managed	55
Total tax-exempt assets	15
Discretionary tax-exempt	15
International equity, active	0.5
No. of portfolio managers	1

Simpson Capital Management Co. is an active equity, balanced and TAA manager.

Its equity approach is top-down and bottom-up with a growth emphasis, using Graham & Dodd analysis, sector rotation and market timing.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

Allen J. Simpson is chief investment officer and client contact.

Sirach Capital Management
3323 One Union Square, Seattle,
Wash. 98101; (206) 624-3800

	($ millions)
Total assets managed	2,870
Total tax-exempt assets	2,473
Discretionary tax-exempt	2,473
401(k)/457 assets managed	160
No. of portfolio managers	8
Size of research staff	14

Sirach Capital Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, stressing growth and emerging growth. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

The parent is United Asset Management Inc.

George B. Kauffman is chief investment officer; Thomas J. Gillespie is client contact.

Sit Investment Associates
4600 Norwest Center, 90 S. Seventh
St., Minneapolis, Minn. 55402-4130;
(612) 332-3223

	($ millions)
Total assets managed	4,372
Total tax-exempt assets	3,508
Discretionary tax-exempt	3,326
Mortgage-backed assets	47
International equity, active	170
No. of portfolio managers	6
Size of research staff	4

Sit Investment Associates Inc. is an active domestic and international equity, active bond, balanced, short-term, convertible and no-load mutual fund manager.

Its equity approach is top-down and bottom-up, seeking growth and emerging growth through sector rotation. Its fixed-income approach is hedged, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 93% stocks, 2% bonds, 4% cash and 1% mortgage-backed securities.

Eugene C. Sit is chief investment officer; Peter L. Mitchelson is client contact.

Sit/Kim International Investment Associates Inc.
4600 Norwest Center, 90 S. Seventh
St., Minneapolis, Minn. 55402-4130;
(415) 768-5818

	($ millions)
Total assets managed	134
Total tax-exempt assets	90
Discretionary tax-exempt	90
International equity, active	90
No. of portfolio managers	5
Size of research staff	4

Sit/Kim International Investment Associates Inc., an active international/global equity manager, emphasizes growth stocks.

The asset mix Jan. 1 was 100% stocks.

The parent is Sit Investment Associates Inc.

Andrew B. Kim is chief investment officer; Charles R. Roberts is client contact in San Francisco.

Donald Smith & Co. Inc.
15 Essex Road, Paramus, N.J. 07652;
(201) 368-9210

	($ millions)
Total assets managed	827
Total tax-exempt assets	827
Discretionary tax-exempt	827
No. of portfolio managers	2
Size of research staff	1

Donald Smith & Co. Inc., an active equity manager, takes a bottom-up approach, using Graham & Dodd analysis.

The asset mix Jan. 1 was 75% stocks, 25% cash.

Donald G. Smith is chief investment officer and client contact.

Herbert R. Smith Inc.
1105 Holliday, Wichita Falls, Texas
76301; (817) 723-5577

	($ millions)
Total assets managed	2,800
Total tax-exempt assets	80
Discretionary tax-exempt	80
Mortgage-backed assets	5
No. of portfolio managers	3
Size of research staff	1

Herbert R. Smith Inc. is an active equity, active and passive bond, balanced and short-term manager.

Its equity approach is technical, emphasizing growth and emerging growth stocks. Its fixed-income approach is technical and unhedged, using interest rate anticipation and yield curve analysis.

Herbert R. Smith is chief investment officer; Mr. Smith and George R. Moody are client contacts.

Smith Affiliated Capital
880 Third Ave., New York, N.Y. 10022;
(212) 644-9440

	($ millions)
Total assets managed	774
Total tax-exempt assets	604
Discretionary tax-exempt	604
No. of portfolio managers	4

Smith Affiliated Capital Corp. is an active domestic and international/global bond, balanced, short-term and municipals manager.

Its fixed-income approach is fundamental, using yield curve analysis.

The asset mix Jan. 1 was 99% bonds and 1% cash.

Robert G. Smith is chief investment officer; Robert G. Smith III is client contact.

Smith Barney Capital Management
1345 Avenue of the Americas, New
York, N.Y. 10105; (212) 698-6131

	($ millions)
Total assets managed	5,983
Total tax-exempt assets	3,976
Discretionary tax-exempt	3,976
International bond, active	274
No. of portfolio managers	13
Size of research staff	52

Smith Barney Capital Management is an active equity, active domestic and international/global bond and balanced manager.

Its equity approach is bottom-up and yield-based. Its fixed-income approach uses sector analysis and yield curve analysis.

The asset mix Jan. 1 was 49% stocks, 43% bonds, 8% cash.

The parent is Primerica Corp.

Bruce D. Sargent is chief investment officer; Jill B. Jordon is client contact.

Smith, Graham & Co.
3 Allen Center, 333 Clay St., Suite
4470, Houston, Texas 77002; (713)
739-1113

	($ millions)
Total assets managed	114
Total tax-exempt assets	114
Discretionary tax-exempt	114
Dedicated/immunized assets	87
Mortgage-backed assets	27
No. of portfolio managers	2
Size of research staff	1

Smith, Graham & Co., an active bond and mortgage-backed securities manager, uses sector and yield curve analyses.

The asset mix Jan. 1 was 75% bonds, 1% cash and 24% mortgage-backed securities.

Ladell Graham is chief investment officer; Gerald B. Smith is client contact.

Smoot, Miller, Cheney
10 W. 100 South, Suite 312, Crandll
Building, Salt Lake City, Utah
84101; (801) 328-4835

	($ millions)
Total assets managed	1,213
Total tax-exempt assets	1,191
Discretionary tax-exempt	1,191
No. of portfolio managers	4
Size of research staff	2

Smoot, Miller, Cheney is an active equity, active bond and balanced manager.

The equity approach is top down, seeking relative value. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 71% stocks, 23% bonds and 6% cash.

Robert H. Cheney is chief investment officer; Lynn C. Miller is client contact.

Snyder Capital Management
400 Montgomery St., Suite 700, San
Francisco, Calif. 94104; (415)
392-3900

	($ millions)
Total assets managed	135
Total tax-exempt assets	80
Discretionary tax-exempt	80
International equity, active	15
No. of portfolio managers	1
Size of research staff	3

Snyder Capital Management Inc. is an active equity, balanced, active international/global equity and convertibles manager.

Its equity approach is bottom-up, value-oriented and yield-based. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 90% stocks, 5% bonds and 5% cash.

Alan B. Snyder is chief investment officer and client contact.

Societe Generale Touche Remnant Corp.
50 Rockefeller Plaza, Third Floor, New
York, N.Y. 10020; (212) 765-9560

	($ millions)
Total assets managed	3,899
Total tax-exempt assets	15
Discretionary tax-exempt	15
International equity, active	14
International cash assets	1
No. of portfolio managers	28

Societe Generale Touche Remnant Corp. is an active equity, balanced, active international/global equity, venture capital and technology and environmental manager.

Its equity approach is top-down and bottom-up, focusing on low p/e.

The asset mix Jan. 1 was 94% stocks, 6% cash.

The parent is Societe Generale.

Sir William Vincent is chief investment officer; William D. Rutherford is client contact.

Society Corp.
800 Superior Ave., Cleveland, Ohio
44114; (216) 689-3751

	($ millions)
Total assets managed	8,704
Total tax-exempt assets	2,656
Discretionary tax-exempt	2,656
Domestic equity, index	44
International equity, active	6
No. of portfolio managers	48
Size of research staff	4

Society Corp. is an active equity and bond, balanced, passive equity and bond, active international/global equity, short-term and GIC manager.

The equity approach is multidisciplined, and uses market timing. Its fixed-income approach is based on interest rate anticipation.

The asset mix Jan. 1 was 40% stocks, 39.9% bonds, 9.8% cash and 10.3% GICs.

Donald Cruse Jr. is chief investment officer; Timothy J. Connors is client contact.

The assets of the following subsidiaries are included in the figures above.

- Society Bank N.A. manages $457 million in U.S. institutional, discretionary, tax-exempt assets. Richard Rolfes is chief investment officer and client contact.
- Society Bank, Indiana manages $88 million in U.S. institutional, discretionary, tax-exempt assets. James L. Lothary is chief investment officer; John H. Gordon is client contact.
- Society Bank, Michigan manages $115 million in U.S. institutional, discretionary, tax-exempt assets. Bernard A. Bedell is chief investment officer; Edward H. "Ted" Sichler is client contact.
- Society Bank & Trust manages $190 million in U.S. institutional, discretionary, tax-exempt assets. John M. Ryan is chief investment officer; Robert Morrison is client contact.
- Society National Bank manages $1.806 billion in U.S. institutional, discretionary tax-exempt assets. Donald Cruse Jr. is chief investment officer; Timothy J. Connors is client contact.

Society Bank N.A.
34 N. Main St., Dayton, Ohio 45402;
(513) 226-6090

See entry for SOCIETY CORP.

Society Bank, Indiana
202 S. Michigan St., South Bend, Ind.
46601; (219) 237-5301

See entry for SOCIETY CORP.

Society Bank, Michigan
100 S. Main St., Ann Arbor, Mich.
41807; (313) 994-5555

See entry for SOCIETY CORP.

Society Bank & Trust
P.O. Box 10099, Toledo, Ohio
43699-0099; (419) 259-8370

See entry for SOCIETY CORP.

Society National Bank
800 Superior Ave., Cleveland, Ohio
44114; (216) 689-5338

See entry for SOCIETY CORP.

Solon Asset Management
1000 Main St., New Rochelle, N.Y.
10801; (914) 576-3500

	($ millions)
Total assets managed	150
Total tax-exempt assets	31
Discretionary tax-exempt	31
Mortgage-backed assets	12
No. of portfolio managers	2

Solon Asset Management Corp., an active fixed-income manager, uses sector and yield curve analyses, emphasizing product selection.

The asset mix Jan. 1 was 60% bonds and 40% mortgage-backed securities.

James I. Midanek is chief investment officer; Deborah Hicks Midanek is client contact.

Sound Shore Management
P.O. Box 1810, 8 Sound Shore Drive,
Greenwich, Conn. 06836; (203)
629-1980

	($ millions)
Total assets managed	645
Total tax-exempt assets	613
Discretionary tax-exempt	613
No. of portfolio managers	4

Sound Shore Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, low p/e-oriented.

The asset mix Jan. 1 was 72% stocks, 14% bonds and 14% cash.

Harry Burn III is chief investment officer; T. Gibbs Kane Jr. is client contact.

Southern California Ventures
19800 MacArthur Blvd., Suite 830,
Irvine, Calif. 92715; (714) 752-9341

	($ millions)
Total assets managed	45
Total tax-exempt assets	33
Discretionary tax-exempt	33

Southern California Ventures is a venture capital manager.

The asset mix Jan. 1 was 5% cash, 95% private company equities.

B. Allen Lay is client contact.

Sovran Capital Management
1111 E. Main, 19th Floor, Richmond,
Va. 23221; (804) 788-3805

	($ millions)
Total assets managed	4,425
Total tax-exempt assets	4,425
Discretionary tax-exempt	4,425
Mortgage-backed assets	425
No. of portfolio managers	10
Size of research staff	2

Sovran Capital Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, and low p/e oriented. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 35% stocks, 50% bonds, 5% cash and 10% mortgage-backed securities.

The parent is NationsBank Corp.

Stuart A. Sachs is chief investment officer; Donald A. Steinbrugge is client contact.

Spare, Tengler, Kaplan & Bischel Inc.
44 Montgomery St., Suite 3500, San
Francisco, Calif. 94104; (415)
989-7852

	($ millions)
Total assets managed	663
Total tax-exempt assets	575
Discretionary tax-exempt	563
401(k)/457 assets managed	2
No. of portfolio managers	4
Size of research staff	5

Spare, Tengler, Kaplan & Bischel Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, with a low p/e and yield-based emphasis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 78% stocks, 7% bonds and 15% cash.

Anthony E. Spare is chief investment officer; Susan L. Grivas is client contact.

Spears Benzak Salomon & Farrell
45 Rockefeller Plaza, New York, N.Y.
10111; (212) 903-1200

	($ millions)
Total assets managed	2,103
Total tax-exempt assets	1,005
Discretionary tax-exempt	1,005
No. of portfolio managers	4
Size of research staff	4

Spears Benzak Salomon & Farrell is an active equity and balanced manager.

Its equity approach is bottom-up, focusing on growth, emerging growth and low p/es through Graham & Dodd analysis.

The asset mix Jan. 1 was 72% stocks, 16% bonds, 10% cash and 2% other.

Vincent Farrell Jr. is client contact.

Spectrum Advisory Services
400 Perimeter Center Terraces, Suite
785, Atlanta, Ga. 30346; (404)
393-8725

	($ millions)
Total assets managed	112
Total tax-exempt assets	37
Discretionary tax-exempt	37
No. of portfolio managers	3

Spectrum Advisory Services Inc. is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach is bottom-up, using low p/e stocks.

The asset mix Jan. 1 was 37% stocks, 23% bonds and 40% cash.

Marc Heilweil is chief investment officer; Betty Peet is client contact.

Sprout Group
1140 Broadway, New York, N.Y.
10005; (212) 504-3600

	($ millions)
Total assets managed	474
Total tax-exempt assets	194
Discretionary tax-exempt	194
No. of portfolio managers	16

Sprout Group is a venture capital manager.

The asset mix Jan. 1 was 100% venture capital.

The parent is Donaldson, Lufkin & Jenrette Inc.

Richard E. Kroon is chief investment officer; Arthur S. Zuckerman is client contact.

Standard Chartered Equitor Asset Management N.A.
10 Liberty Square, Boston, Mass.
02109; (617) 482-8877

	($ millions)
Total assets managed	423
Total tax-exempt assets	400
Discretionary tax-exempt	400
International equity, active	1
No. of portfolio managers	7
Size of research staff	7

Standard Chartered Equitor Asset Management N.A. Inc. is an active domestic and international equity, active bond and balanced manager.

Its equity approach is top-down, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 86% stocks, 12% bonds and 2% cash.

The parent is Standard Chartered PLC.

Eric H. Jostrom is chief investment officer; Robert P. Caccia Sr. is client contact.

The Standard Life Assurance Co. of Canada/Standard Life Portfolio Management Ltd.
1245 Sherbrooke St. W., Suite 1040,
Montreal, Quebec H3G 1G3; (514)
499-4431

	($ millions)
Total assets managed	408
Total tax-exempt	408
Discretionary tax-exempt	408
For subsidiaries of U.S. firms	80
Equity real estate assets	17
Mortgage assets	82
No. of portfolio managers	7
Size of research staff	4

The Standard Life Assurance Co. of Canada/Standard Life Portfolio Management Ltd., a Canadian firm, is an active domestic and international equity, active bond, balanced, real estate, short-term and mortgages manager.

Its equity approach is quantitative, using low p/e stocks and market timing. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 23% Canadian stocks, 7% U.S. stocks, 28% bonds, 18% cash, 4% equity real estate and 20% mortgages.

The parent is Standard Life Assurance Co.

Peter C. Hill is chief investment officer; Roger A. Renaud is client contact.

Standish, Ayer & Wood Inc.
1 Financial Center, Boston, Mass.
02111; (617) 350-6100

	($ millions)
Total assets managed	16,204
Total tax-exempt assets	8,155
Discretionary tax-exempt	8,155
Dedicated/immunized assets	45
Mortgage-backed assets	2,690
International equity, active	72
International bond, active	456
No. of portfolio managers	20
Size of research staff	17

Standish, Ayer & Wood Inc. is an active equity, active bond, balanced, active international/global equity and bond, short-term, convertibles and securitized manager.

Its equity approach is bottom-up and quantitative, with a growth emphasis. Its fixed-income approach uses sector analysis.

The firm runs portfolio hedging and option overwriting strategies on $3 billion.

The asset mix Jan. 1 was 7% stocks, 50% bonds, 10% cash and 33% mortgage-backed securities.

George W. Noyes is chief investment officer; Karen K. Chandor is client contact.

Star Bank N.A.

Star Bank Center, Fifth and Walnut
Streets, Cincinnati, Ohio 45201;
(513) 762-8931

	($ millions)
Total assets managed	3,381
Total tax-exempt assets	865
Discretionary tax-exempt	358
Mortgage-backed assets	5
International equity, active	20
International bond, active	5
401(k)/457 assets managed	69
No. of portfolio managers	8
Size of research staff	7

Star Bank N.A. is an active equity, active bond, balanced, real estate, active international/global equity and short-term manager.

Its equity approach is top-down and growth oriented, using sector rotation. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 45% stocks, 40% bonds, 10% cash and 5% REITs.

The parent is Star Banc Corp.

B. Randolph Bateman is chief investment officer; Dennis A. Nahnsen is client contact.

Starbuck, Tisdale & Associates

301 E. Carrillo St., Santa Barbara,
Calif. 93101; (805) 963-5963

	($ millions)
Total assets managed	224
Total tax-exempt assets	110
Discretionary tax-exempt	110
401(k)/457 assets managed	1
No. of portfolio managers	3
Size of research staff	3

Starbuck, Tisdale & Associates is an active equity, balanced, short-term and convertibles manager.

L. David Tisdale is chief investment officer.

State Mutual Life Assurance Co. of America

440 Lincoln St., Worcester, Mass.
01605; (508) 855-1000

	($ millions)
Total assets managed	9,210
Total tax-exempt assets	4,586
Discretionary tax-exempt	4,586
GICs	3,292
Annuities	306
Equity real estate assets	171
Mortgage assets	1,191
Domestic equity, index	38
Dedicated/immunized assets	2,420
401(k)/457 assets managed	3,105
No. of portfolio managers	5
Size of research staff	18

State Mutual Life Assurance Co. of America is an active and passive equity, active bonds and short-term manager.

Its primary equity approach is top-down and growth-oriented, using sector rotation. Its active fixed-income approach is hedged, using sector and yield curve analyses.

The separate account asset mix Jan. 1 was 64% stocks, 14% bonds, 20% cash and 2% mortgage-backed securities.

James R. McAuliffe is chief investment officer; Richard P. McGirr is client contact.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02110;
(617) 654-3953

	($ millions)
Total assets managed	87,603
Total tax-exempt assets	78,345
Discretionary tax-exempt	61,525
Equity real estate assets	410
Domestic equity, index	19,175
Domestic bond, index	2,257
International equity, index	12,156
International bond, index	235
Dedicated/immunized assets	172
Mortgage-backed assets	199
International equity, active	2,639
No. of portfolio managers	32

State Street Bank and Trust Co. is an active and passive equity, active and passive bond, balanced, real estate, active and passive international/global equity, passive international/global bond, short-term, TAA and enhanced index manager.

Its equity approach is quantitative, top-down and bottom-up, focusing on growth and low p/e stocks and enhanced index strategies.

Its fixed-income approach uses sector analysis.

The bank runs active currency selection, currency protection and passive currency hedging strategies on $4.842 billion, of which it manages $2.642 billion of the underlying assets.

The asset mix Jan. 1 was 56% stocks, 9.8% bonds, 31% cash, 0.6% equity real estate, 0.3% mortgage-backed securities and 2.3% futures.

The parent is State Street Boston Corp.

Nicholas A. Lopardo is chief investment officer; Peter E. Braun is client contact.

State Street Research & Management Co.

1 Financial Center, Boston, Mass.
02111; (617) 482-3920

	($ millions)
Total assets managed	15,929
Total tax-exempt assets	12,447
Discretionary tax-exempt	12,447
Dedicated/immunized assets	1,481
Mortgage-backed assets	1,618
No. of portfolio managers	20
Size of research staff	22

State Street Research & Management Co. is an active equity, active domestic and international/global bond and balanced manager.

Its equity approach is bottom-up, seeking growth. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 44% stocks, 36% bonds, 7% cash and 13% mortgage-backed securities.

The parent is Metropolitan Life Insurance Co.

William P. Rich is chief investment officer; Edward W. Bickford is client contact.

Statistical Sciences Inc.

357 N. Canon Drive, Beverly Hills,
Calif. 90210; (310) 275-5551

	($ millions)
Total assets managed	330
Total tax-exempt assets	266
Discretionary tax-exempt	266
No. of portfolio managers	2
Size of research staff	4

Statistical Sciences Inc. is an active equity, active bonds, balanced and long/short equity manager.

The equity approach is bottom-up and quantitative, using growth stocks and long/short equity strategies. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 70% stocks, 20% bonds and 10% cash.

John D. Gottfurcht is chief investment officer; Bradford J. Ebner is client contact.

Steele & Co.

32 W. Hoster St., Suite 250,
Columbus, Ohio 43215; (614)
461-5901

	($ millions)
Total assets managed	95
Total tax-exempt assets	26
Discretionary tax-exempt	26
No. of portfolio managers	1

Steele & Co. is an active equity, active bond, balanced and TAA manager.

Its equity approach is bottom-up, seeking growth and emerging growth stocks through sector rotation. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 56% stocks, 40% bonds and 4% cash.

Michael B. Steele is chief investment officer and client contact.

Steere Investment Counsel

6507 Bob-O-Link Drive, Dallas, Texas
75214; (214) 828-4800

	($ millions)
Total assets managed	10
Total tax-exempt assets	0.5
Discretionary tax-exempt	0.5
No. of portfolio managers	3

Steere Investment Counsel Inc. is an active equity, balanced and short-term manager.

Its equity approach is bottom-up and quantitative, using market timing and emphasizing relative strength. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 88% stocks and 12% cash.

Alonzo B. See is chief investment officer and client contact.

Stein Roe & Farnham

1 S. Wacker Drive, Chicago, Ill. 60606;
-(312) 368-7700

	($ millions)
Total assets managed	25,783
Total tax-exempt assets	7,368
Discretionary tax-exempt	7,113
No. of portfolio managers	50
Size of research staff	24

Stein Roe & Farnham is an active domestic and international/global equity, active bond, balanced, short-term and convertibles manager.

Its equity approach is growth-oriented.

The parent is Liberty Mutual.

Harvey B. Hirschhorn is chief investment officer; M. Anne Stelle is client contact.

Stephenson and Co.

100 Garfield St., Denver, Colo. 80206;
(303) 355-6000

	($ millions)
Total assets managed	115
Total tax-exempt assets	67
Discretionary tax-exempt	67
401(k)/457 assets managed	15
No. of portfolio managers	3
Size of research staff	2

Stephenson and Co. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using Graham & Dodd analysis and low p/e stocks and growth stocks. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 72% stocks, 18% bonds and 10% cash.

A. Emmet Stephenson is chief investment officer; Richard W. Regan is client contact.

Sterling Capital Management

1770 Independence Center, 101 N.
Tryon St., Charlotte, N.C. 28246;
(704) 372-8670

	($ millions)
Total assets managed	830
Total tax-exempt assets	545
Discretionary tax-exempt	545
401(k)/457 assets managed	18
No. of portfolio managers	8

Sterling Capital Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, bottom-up, seeking low p/e stocks. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 44% stocks, 50% bonds and 6% cash.

The parent is United Asset Management.

W. Olin Nisbet is chief investment officer; Allyson R. Floyd is client contact.

Strategic Commodity Systems

4835 Towne Centre Drive, Suite 205,
Saginaw, Mich. 48604; (517)
791-1800

	($ millions)
Total:	
Assigned to other firms	47
Tax-exempt:	
Assigned to other firms	47

Strategic Commodity Systems, a manager of managers, offers futures management.

James M. Stapleton is chief investment officer and client contact.

Strategic Investment Partners Inc.

2000 K St. N.W., Suite 400,
Washington, D.C. 20006; (202)
785-2300

	($ millions)
Total:	
Internal	27
Assigned to other firms	6,745
Tax-exempt:	
Internal, discretionary	27
Assigned to other firms	5,664
No. of portfolio managers	6
Size of research staff	6

Strategic Investment Partners Inc., a manager of managers, offers tactical asset allocation, sector strategy development and comprehensive risk management.

Hilda Ochoa is chief investment officer; Ms. Ochoa and Mary Choksi are client contacts.

Stratton Capital Management Inc.

4900 Main St., Suite 718, Kansas City,
Mo. 64112; (816) 561-5670

	($ millions)
Total assets managed	20
Total tax-exempt assets	12
Discretionary tax-exempt	12
No. of portfolio managers	2

Stratton Capital Management Inc. is an active equity, balanced and passive bond manager.

Its equity approach is bottom-up, emphasizing growth and using technical analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 85% stocks, 5% bonds and 10% cash.

John Stratton is chief investment officer and client contact.

Stratton Management Co.

610 W. Germantown Pike, Suite 361,
Plymouth Meeting, Pa. 19462; (215)
941-0888

	($ millions)
Total assets managed	592
Total tax-exempt assets	296
Discretionary tax-exempt	296
401(k)/457 assets managed	29
No. of portfolio managers	4
Size of research staff	1

Stratton Management Co. is an active equity and balanced manager.

Its equity approach is bottom-up and yield based. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 67% stocks, 30% bonds and 3% cash.

James W. Stratton is chief investment officer; Charles H. Hopkins is client contact.

Sturdivant & Co. Inc.

130 N. Broadway, Suite 1007,
Camden, N.J. 08102; (609)
365-8884

	($ millions)
Total assets managed	90
Total tax-exempt assets	90
Discretionary tax-exempt	90
No. of portfolio managers	5
Size of research staff	4

Sturdivant & Co. Inc., an active equity manager, uses a bottom-up approach.

All assets were in stocks Jan. 1.

Albert A. Sturdivant is chief investment officer and client contact.

Stuyvesant Capital Management Corp.

50 Broad St., Suite 1234, New York,
N.Y. 10004-2362; (212) 422-8773

	($ millions)
Total assets managed	192
Total tax-exempt assets	132
Discretionary tax-exempt	132
Mortgage-backed assets	7
International equity, active	2
401(k)/457 assets managed	1
No. of portfolio managers	4

Stuyvesant Capital Management Corp. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and value-oriented through low p/e stocks and Graham & Dodd analysis. It also looks at growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 38.5% stocks, 39.5%

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bonds, 16% cash and 6% mortgage-backed securities.

Donald von Wedel is chief investment officer and client contact.

STW Fixed Income Management

P.O. Box 5019, Carpinteria, Calif.
93014-5019; (805) 566-9122

	($ millions)
Total assets managed	7,554
Total tax-exempt assets	5,615
Discretionary tax-exempt	5,615
Dedicated/immunized assets	1
Mortgage-backed assets	419
International bond, active	21
401(k)/457 assets managed	73
No. of portfolio managers	3

STW Fixed Income Management, an active bond manager, uses sector, yield curve and value analyses in its investment approach.

All assets were in bonds Jan. 1.

William H. Williams is chief investment officer; Mitchell S. Little is client contact.

Sullivan Money Management

616 FM 1960 W., Suite 200, Houston,
Texas 77090; (713) 583-0911

	($ millions)
Total assets managed	105
Total tax-exempt assets	100
Discretionary tax-exempt	100
No. of portfolio managers	2
Size of research staff	2

Sullivan Money Management Inc. is an active bond manager.

All assets were in bonds Jan. 1.

The firm is affiliated with The Geometry Group.

James Sullivan is chief investment officer and client contact.

Sullivan, Morrissey & Mickle Capital Management Corp.

450 Park Ave., New York, N.Y. 10022;
(212) 832-7440

	($ millions)
Total assets managed	88
Total tax-exempt assets	75
Discretionary tax-exempt	75
No. of portfolio managers	3
Size of research staff	3

Sullivan, Morrissey & Mickle Capital Management Corp. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, yield-based and value-oriented, using low p/e stocks and Graham & Dodd analysis. It also looks at growth.

Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 75% stocks, 20% bonds and 5% cash.

John F. Sullivan is chief investment officer and client contact.

Sumitomo Bank of California

Trust Department, 320 California St.,
San Francisco, Calif. 94104; (415)
445-8090

	($ millions)
Total assets managed	133
Total tax-exempt assets	62
Discretionary tax-exempt	62
Equity real estate assets	1
Mortgage assets	18
No. of portfolio managers	3

Sumitomo Bank of California is a balanced manager.

Its equity approach is Graham & Dodd. Its fixed-income approach is interest rate anticipation.

Edward H. Turner Jr. is chief investment officer; B.R. Otani is client contact.

Summit Advisors

P.O. Box 17583, Salt Lake City, Utah
84117; (801) 272-9263

	($ millions)
Total assets managed	17
Total tax-exempt assets	11
Discretionary tax-exempt	11
No. of portfolio managers	2
Size of research staff	2

Summit Advisors, a market-timing equity manager, uses an active approach seeking growth.

The asset mix Jan. 1 was 90% stocks, 10% cash.

LaMar L. Layton is chief investment officer; Robert P. Christenson is client contact.

Summit Investment Management Ltd.

2323 N. Mayfair Road, Milwaukee,
Wis. 53226; (414) 256-7433

	($ millions)
Total assets managed	86
Total tax-exempt assets	37
Discretionary tax-exempt	27
No. of portfolio managers	3

Summit Investment Management Ltd. is an active equity, active bond, balanced, yield-enhanced equity and medium-capitalization equity manager.

Its equity approach is bottom-up and growth-oriented, emphasizing cash-flow return on investment. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 41.1% stocks, 50.2% bonds and 8.7% cash.

Marvin R. Swentkofske is chief investment officer; Donald E. Stockhausen is client contact.

SunBank Capital Management N.A.

200 S. Orange Ave., Eighth Floor,
Orlando, Fla. 32801; (407) 237-4352

	($ millions)
Total assets managed	10,700
Total tax-exempt assets	10,700
Discretionary tax-exempt	10,700
401(k)/457 assets managed	300
No. of portfolio managers	11
Size of research staff	4

SunBank Capital Management N.A. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, seeking growth. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 95% stocks, 5% cash.

The parent is SunTrust Banks Inc.

Anthony R. Gray is chief investment officer; Victor A. Zollo Jr. is client contact.

Sun Life of Canada Investment Management

200 University Ave., Toronto, Ontario
M5H 3C7; (416) 595-7809

	($ millions)
Total assets managed	3,122
Total tax-exempt assets	2,100
Discretionary tax-exempt	1,800
For subsidiaries of U.S. firms	75
Mortgage assets	225
Domestic equity, index	113
Dedicated/immunized assets	270
Non-North American equity, active	17
No. of portfolio managers	7
Size of research staff	8

Sun Life of Canada Investment Management Ltd. is an active and passive equity, active bonds, balanced, real estate, active international/global equity, short-term, and immunized bonds manager.

The primary equity approach is bottom-up, emphasizing low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 25.3% Canadian stocks, 6.2% U.S. stocks, 43.8% bonds, 11.4% cash, 12.3% mortgages and 1% international equities.

The parent is Sun Life Assurance Co. of Canada.

Donald T. Walcot is chief investment officer; Hans van Monsjou is client contact.

Swanson Capital Management

101 N. Main St., Suite 800, Ann Arbor,
Mich. 48104; (313) 996-8400

	($ millions)
Total assets managed	181
Total tax-exempt assets	145
Discretionary tax-exempt	145
No. of portfolio managers	3

Swanson Capital Management, a balanced manager, seeks growth and emerging growth in equities and uses yield curve analysis for fixed income.

The asset mix Jan. 1 was 42% stocks, 54% bonds and 4% cash.

Stephen A. Swanson is chief investment officer; Kevin D. McVeigh is client contact.

The Swarthmore Group

767 Third Ave., New York, N.Y. 10017;
(212) 750-3200

	($ millions)
Total assets managed	35
Total tax-exempt assets	35
Discretionary tax-exempt	35
No. of portfolio managers	3
Size of research staff	1

The Swarthmore Group, an active equity manager, takes a top-down approach emphasizing growth.

The asset mix Jan. 1 was 60% stocks, 40% cash.

Martin Weinstein is chief investment officer; James E. Nevels is client contact.

K.S. Sweet Associates

259 Radnor-Chester Road, Radnor,
Pa. 19087; (215) 964-0112

	($ millions)
Total assets managed	652
Total tax-exempt assets	15
Discretionary tax-exempt	15

K.S. Sweet Associates is a real estate and venture capital manager.

All assets were in venture capital Jan. 1.

Richard K. Layman is chief investment officer and client contact for real estate; J.B. Doherty is chief investment officer and client contact for venture capital.

Systematic Financial Management Inc.

2 Executive Drive, Fort Lee, N.J.
07024; (201) 585-9290

	($ millions)
Total assets managed	347
Total tax-exempt assets	232
Discretionary tax-exempt	232
No. of portfolio managers	3
Size of research staff	5

Systematic Financial Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, using Graham & Dodd and free-cash-flow analyses. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 91% stocks, 1% bonds and 8% cash.

Kenneth S. Hackel is chief investment officer; Jason J. Wallach is client contact.

Tanaka Capital Management

230 Park Ave., Suite 1432, New York,
N.Y. 10169; (212) 490-3380

	($ millions)
Total assets managed	89
Total tax-exempt assets	28
Discretionary tax-exempt	28
No. of portfolio managers	1
Size of research staff	1

Tanaka Capital Management is an active equity and balanced manager.

Its equity approach is bottom-up stressing growth and emerging growth stocks.

The asset mix Jan. 1 was 90% stocks, 3% bonds and 7% cash.

Graham Y. Tanaka is chief investment officer; Allison W. Marshall is client contact.

Taplin, Canida & Habacht

1001 S. Bayshore Drive, Suite 2100,
Miami, Fla. 33131; (305) 379-2100

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Equity and fixed income performance based on Employee Benefit Bond Funds: Source SEI

	($ millions)
Total assets managed	350
Total tax-exempt assets	275
Discretionary tax-exempt	275
No. of portfolio managers	3

Taplin, Canida & Habacht is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash.

Tere Alvarez Canida is client contact.

Target Investors Inc.

Wilton Executive Campus, 15 River
Road, Wilton, Conn. 06897; (203)
761-9600

	($ millions)
Total assets managed	266
Total tax-exempt assets	266
Discretionary tax-exempt	266
No. of portfolio managers	1
Size of research staff	1

Target Investors Inc., an active equity manager, uses a bottom-up approach, focusing on growth and small-capitalization stocks.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Robert Zuccaro is chief investment officer; James C. Vogelzang is client contact at (303) 629-1900.

TCW Realty Advisors

865 S. Figueroa St., Los Angeles,
Calif. 90017; (213) 683-4200

See entry for TRUST CO. OF THE WEST.

Tealwood Asset Management

801 Nicollet Mall, Suite 1520,
Minneapolis, Minn. 55402; (800)
345-8745

	($ millions)
Total assets managed	35
Total tax-exempt assets	3
Discretionary tax-exempt	3
401(k)/457 assets managed	2
No. of portfolio managers	1
Size of research staff	1

Tealwood Asset Management is an active equity and balanced manager.

Its equity approach is quantitative, top-down, bottom-up, stressing Graham & Dodd analysis.

Its fixed-income approach is unhedged.

The asset mix Jan. 1 was 55% stocks, 35% bonds, and 10% cash.

George A. Hust is chief investment officer; David W. Hust is client contact.

Team Bank Trust Division

P.O. Box 2050, Fort Worth, Texas
76113; (817) 884-4397

	($ millions)
Total assets managed	5,000
Total tax-exempt assets	3,500
Discretionary tax-exempt	2,000
Equity real estate assets	40
No. of portfolio managers	5
Size of research staff	1

Team Bank Trust Division is an active equity, active bond, balanced, real estate and short-term manager.

Its equity approach is bottom-up and quantitative. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 45% stocks, 45% bonds, 8% cash and 2% equity real estate.

The parent is Team Bancshares.

Bill Uhlemeyer is chief investment officer; Mark Haskin is client contact.

TEL Advisors Inc. of Virginia

2333 Old Ivy Road, Charlottesville, Va.
22901; (804) 977-4407

	($ millions)
Total assets managed	10
Total tax-exempt assets	0.5
Discretionary tax-exempt	0.5
No. of portfolio managers	1

TEL Advisors Inc. of Virginia is an active equity, balanced, convertible, REIT and MLP manager.

Its equity approach is bottom-up, seeking both growth and yield using Graham & Dodd analysis and market timing.

The asset mix Jan. 1 was 70% stocks, 30% cash.

Theodore E. Lord is chief investment officer; Mr. Lord and Keith K. Lord are client contacts.

Tempest, Isenhart, Chafee, Lansdowne & Associates

1380 Lawrence St., Suite 1050,
Denver, Colo. 80204; (303)
629-1917

	($ millions)
Total assets managed	526
Total tax-exempt assets	302
Discretionary tax-exempt	275
No. of portfolio managers	4
Size of research staff	5

Tempest, Isenhart, Chafee, Lansdowne & Associates Inc. is an active equity, active bond and balanced manager.

Its equity approach uses low p/e stocks and Graham & Dodd analysis, focusing on industry selection and remaining fully invested. Its fixed-income approach uses interest rate anticipation and sector analysis, seeking high quality.

The asset mix Jan. 1 was 75% stocks, 20% bonds and 5% cash.

H. David Lansdowne is chief investment officer; David H. Squire is client contact.

Templeton International

500 E. Broward Blvd., Suite 2100, Fort
Lauderdale, Fla. 33394; (305)
764-7390

	($ millions)
Total assets managed	2,766
Total tax-exempt assets	2,534
Discretionary tax-exempt	2,534
International equity, active	2,478
International bond, active	56
No. of portfolio managers	24
Size of research staff	10

Templeton International is an active international/global equity, active international/global bond and emerging markets equity manager.

Its primary equity approach is bottom-up, focusing on low p/e. Its primary fixed-income approach uses interest rate anticipation.

The parent is Templeton, Galbraith & Hansberger Ltd.

Thomas L. Hansberger is chief investment officer; James R. Wood is client contact.

Texas Commerce Investment Management

600 Travis, Fourth Floor, Houston,
Texas 77002; (713) 236-4444

	($ millions)
Total assets managed	5,916
Total tax-exempt assets	2,827
Discretionary tax-exempt	2,657
Mortgage-backed assets	220
401(k)/457 plan assets	1,601

Texas Commerce Investment Management Co. is an active and passive equity, active and passive bond, balanced, short-term, TAA, enhanced index, venture capital and convertibles manager.

Its equity approach is bottom-up and quantitative, stressing growth, emerging growth and low p/es.

Its fixed-income approach is hedged, stressing interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 19% stocks, 19% bonds, 54% cash and 8% mortgage-backed securities.

The parent is Texas Commerce Bancshares.

William O. Leszinske is chief investment officer; Don G. Robinson is client contact.

Thompson/Rubinstein Investment Management

715 S.W. Morrison St., Suite 604,
Portland, Ore. 97205; (503)
224-1488

	($ millions)
Total assets managed	334
Total tax-exempt assets	165
Discretionary tax-exempt	165
No. of portfolio managers	4

Thompson/Rubinstein Investment Management Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom up, with an emphasis on growth.

The asset mix Jan. 1 was 73% stocks and 27% bonds.

Thompson, Siegel & Walmsley Inc.

5000 Monument Ave., P.O. Box 6883,
Richmond, Va. 23230; (804)
353-4500

	($ millions)
Total assets managed	2,607
Total tax-exempt assets	2,069
Discretionary tax-exempt	2,069
No. of portfolio managers	8
Size of research staff	1

Thompson, Siegel & Walmsley Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, using Graham & Dodd analysis and sector rotation. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 66% stocks, 28% bonds and 6% cash.

The parent is United Asset Management.

Matthew G. Thompson is chief investment officer; Peter D. Hartman is client contact.

Tiffany Capital Advisors

15 Crow Canyon Court, Suite 200,
San Ramon, Calif. 94583; (510)
831-1613

	($ millions)
Total assets managed	485
Total tax-exempt assets	120
Discretionary tax-exempt	120
No. of portfolio managers	2
Size of research staff	1

Tiffany Capital Advisors, an active equity and mutual fund manager, uses a bottom-up approach.

The asset mix Jan. 1 was 98% stocks, 2% cash.

Curtis O. Townsend is chief investment officer and client contact.

Real estate directory: Aug. 31.

Todd Investment Advisors

3160 First National Tower, Louisville,
Ky. 40202; (502) 585-3121

	($ millions)
Total assets managed	2,264
Total tax-exempt assets	2,220
Discretionary tax-exempt	1,408
Domestic bond, index	291
Dedicated/immunized assets	47
Mortgage-backed assets	108
No. of portfolio managers	4

Todd Investment Advisors Inc. is an active equity, active bond, balanced and enhanced index manager.

Its equity approach is top-down/bottom-up, seeking low p/e through quantitative techniques. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 42% stocks, 47% bonds, 3% cash and 8% mortgage-backed securities.

Bosworth M. Todd is chief investment officer; Margaret H. Cregor is client contact.

Tokai Trust Co. of New York

55 E. 52nd St., New York, N.Y. 10055;
(212) 339-1390

	($ millions)
Total assets managed	73
Total tax-exempt assets	9
Discretionary tax-exempt	9
401(k)/457 assets managed	8
No. of portfolio managers	3

Tokai Trust Co. of New York is an active equity, active bond, balanced and short-term manager.

Its equity approach is top-down, bottom-up, focusing on growth and low p/e and using sector rotation. Its fixed-income approach is unhedged, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 40% stocks, 35% bonds and 25% cash.

The parent is Tokai Bank Ltd.

Jeff Whitehorn is chief investment officer; George Braden is client contact.

Torch Energy Advisors Inc.

1221 Lamar, Suite 1600, Houston,
Texas 77010; (713) 650-1246

	($ millions)
Total assets managed	925
Total tax-exempt assets	250
Discretionary tax-exempt	250
No. of portfolio managers	5
Size of research staff	40

Torch Energy Advisors Inc. is a manager of direct oil and gas investments in producing properties.

The equity approach is yield-based and emphasizes rate of return.

All assets were in oil and gas Jan. 1.

The parent is Torchmark Corp.

J.P. Bryan is chief investment officer; Thomas Harper III is client contact.

Towneley Capital Management Inc.

144 E. 30th St., New York, N.Y.
10016; (212) 696-4130

	($ millions)
Total assets managed	710
Total tax-exempt assets	300
Discretionary tax-exempt	300
No. of portfolio managers	1
Size of research staff	4

Towneley Capital Management Inc. is an active equity, active bond and balanced manager.

The equity approach focuses on low p/e stocks.

Wesley G. McCain is chief investment officer; Sigrid A. Hess is client contact.

Transamerica Investment Services Inc.

1150 S. Olive St., Los Angeles, Calif.
90015; (213) 742-3559

	($ millions)
Total assets managed	21,270
Total tax-exempt assets	9,223
Discretionary tax-exempt	9,223
Equity real estate assets	15
Mortgage assets	252
Domestic equity, index	99
Mortgage-backed assets	4,296
No. of portfolio managers	13
Size of research staff	7

Transamerica Investment Services Inc. is an active equity, active bond, short-term and convertibles manager.

The asset mix Jan. 1 was 4.9% stocks, 45.1% bonds, 0.5% cash, 0.2% equity real estate, 2.7% mortgages and 46.6% mortgage-backed securities.

The parent is Transamerica Corp.

Gary U. Rolle is chief investment officer; Brad Slocum is client contact.

Trascott, Alyson, Craig Inc.

16-00 Route 208, P.O. Box 770, Fair
Lawn, N.J. 07410; (201) 703-9000

	($ millions)
Total assets managed	23
Total tax-exempt assets	10
Discretionary tax-exempt	10
No. of portfolio managers	2

Trascott, Alyson, Craig Inc. is an active equity, active bond, balanced, short-term and convertible manager.

Its equity approach is bottom-up, seeking growth using Graham & Dodd analysis.

The asset mix Jan. 1 was 30% stocks, 30% bonds and 40% cash.

Tracy Shagin is chief investment officer and client contact.

Travelers Corp.

1 Tower Square, Hartford, Conn.
06183-6030; (203) 277-0111

	($ millions)
Total:	
Internal	52,963
Assigned to other firms	180
Tax-exempt:	
Internal, discretionary	20,803
Assigned to other firms	180
Internally managed, tax-exempt	
GICs	6,658
Annuities	10,340
Equity real estate assets	293
Mortgage assets	8,613
Domestic equity, index	1,127
Domestic bond, index	803
International equity, index	422
International bond, index	0.1
Dedicated/immunized assets	7
Mortgage-backed assets	1,324
International equity, active	180
401(k)/457 assets managed	8,346
No. of portfolio managers	17
Size of research staff	13

Travelers Corp. is an active and passive equity and bond, balanced, real estate, active and passive international/global equity, short-term, TAA, direct placements, currency hedging and market timing manager.

Its equity approach stresses low p/e stocks and sector rotation. Its fixed-income approach emphasizes yield curve analysis.

The separate account asset mix Jan. 1 was 64.6% stocks, 19.5% bonds, 3.3% cash, 6.3% equity real estate, 2.5% mortgages, 1% mortgage-backed securities and 2.8% other.

Robert Crispin is chief investment officer; Peter J. Zummo is client contact.

The assets of the following subsidiaries are included in the above data.

- Travelers Investment Management Co. (TIMCO) manages $4.275 billion in total assets and $2.095 billion in U.S., institutional, discretionary, tax-exempt assets. The firm offers active and passive equity, balanced, passive bond, passive international/global equity, TAA and currency hedging management.

Its primary equity approach seeks low p/e stocks.

The firm manages $180 million in currency overlay assets for U.S. tax-exempt clients; all of the assets are managed internally.

Geoffrey P. Raymond is chief investment officer; Phillip D. Leonardi is client contact.

- Travelers Asset Management International Corp. (TAMIC) manages $1.401 billion in total assets and $1.225 billion in U.S., institutional, discretionary, tax-exempt assets. The firm offers active and passive bond, balanced, short-term and market-timing management.

Its primary fixed-income approach stresses sector and yield curve analyses.

Glenn E. Murphy Jr. is chief investment officer; Peter J. Zummo is client contact.

Travelers Asset Management International Corp. (TAMIC)

1 Tower Square, Hartford, Conn.
06183-2030; (203) 954-4866

See entry for TRAVELERS CORP.

Travelers Investment Management Co. (TIMCO)

90 State House Square, Hartford,
Conn. 06103; (203) 277-5841

See entry for TRAVELERS CORP.

Trendstat Capital Management Inc.

10805 Sunset Office Drive, Suite 400,
St. Louis, Mo. 63127-1072; (314)
822-3500

	($ millions)
Total assets managed	63
Total tax-exempt assets	10
Discretionary tax-exempt	10
No. of portfolio managers	1
Size of research staff	1

Trendstat Capital Management Inc. is an active equity, active bond, balanced, TAA and managed futures manager.

Its equity approach is top-down and growth-oriented, using quantitative and market timing techniques. Its fixed-income approach is based on timing.

Thomas F. Basso is chief investment officer; Mr. Basso and George R. Tingom are client contacts.

Trevor Stewart Burton & Jacobsen Inc.

90 Park Ave., New York, N.Y. 10016;
(212) 972-8150

	($ millions)
Total assets managed	620
Total tax-exempt assets	411
Discretionary tax-exempt	411
401(k)/457 assets managed	20
No. of portfolio managers	4

Trevor Stewart Burton & Jacobsen Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down, stressing growth and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 50% stocks, 40% bonds and 10% cash.

George W. Jacobsen Jr. is chief investment officer; Stuart C. Williams is client contact.

Trinity Investment Management Corp.

1 Memorial Drive, Cambridge, Mass.
02142; (617) 621-1717

	($ millions)
Total assets managed	1,696
Total tax-exempt assets	1,667
Discretionary tax-exempt	1,667
No. of portfolio managers	13
Size of research staff	8

Trinity Investment Management Corp. is an active equity, balanced and South Africa-free equity manager.

Its equity approach is bottom-up, emphasizing low p/es, Graham & Dodd techniques and sector rotation.

The asset mix Jan. 1 was 98.7% stocks, 0.6% bonds and 0.7% cash.

Stanford Calderwood is chief investment officer; Richard Tucker is client contact.

Trusco Capital Management

50 Hurt Plaza, Suite 1400, Atlanta, Ga.
30303; (404) 586-6450

	($ millions)
Total assets managed	5,400
Total tax-exempt assets	5,400
Discretionary tax-exempt	5,400
401(k)/457 plan assets	500
No. of portfolio managers	12
Size of research staff	6

Trusco Capital Management is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and stresses growth stocks. Its fixed-income approach focuses on sector, yield curve and credit analyses.

The asset mix Jan. 1 was 55% stocks, 37% bonds, and 8% cash.

The parent is Trust Co. Bank.

Douglas S. Phillips is chief investment officer; Bob M. Farmer, Kellie McDowell and Paul L. Robertson III are client contacts.

Trust Co. of the West

865 S. Figueroa St., Los Angeles,
Calif. 90017; (213) 244-0000

	($ millions)
Total assets managed	27,076
Total tax-exempt assets	21,707
Discretionary tax-exempt	21,707
Equity real estate assets	2,377
Dedicated/immunized assets	185
Mortgage-backed assets	1,682
Global equity, active	2,295
Global bond, active	150
No. of portfolio managers	33
Size of research staff	36

Trust Co. of the West is an active equity, active bond, balanced, real estate, active global equity and bond, short-term, venture capital, convertibles, oil and gas, distressed securities, high-yield bond and Latin American investments manager.

The equity approach is top-down, using sector rotation. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 27.7% stocks, 16.7% bonds, 0.3% cash, 16.9% equity real estate, 7.7% mortgage-backed securities and 30.7% other.

Ernest O. Ellison is chief investment officer; Thomas E. Larkin Jr. is client contact.

The assets of the firm below is included in the data above.

- TCW Realty Advisors, a real estate manager, managed $3.652 billion in total assets and $2.377 billion in U.S., institutional, discretionary, tax-exempt assets.

William K. Kravch is chief investment officer; Bruce L. Ludwig is client contact.

Trust Fund Advisors Inc.

111 Massachusetts Ave. N.W.,
Washington, D.C. 20001; (202)
682-4994

	($ millions)
Total:	
Assigned to other firms	456
Tax-exempt:	
Assigned to other firms	456
No. of portfolio managers	7
Size of research staff	5

Trust Fund Advisors Inc., a manager of managers, offers passive equity and bond management.

Its equity approach is bottom-up, focusing on low p/e stocks. Its fixed income approach is value oriented.

The parent is ULLICO Inc.

Herbert C. Canapary is chief investment officer; Howard Reich is client contact.

TSA Capital Management

888 W. Sixth St., Suite 1500, Los
Angeles, Calif. 90017; (213)
688-3015

	($ millions)
Total assets managed	505
Total tax-exempt assets	505
Discretionary tax-exempt	505
No. of portfolio managers	2

Size of research staff	4

TSA Capital Management is an active equity, TAA, currency, global TAA and managed futures manager.

The firm manages $1.624 billion in U.S., institutional, discretionary, tax-exempt assets in domestic and global tactical asset allocation, active currency management strategies and managed futures.

The equity approach is quantitative, emphasizing market timing.

Roger G. Clarke is chief investment officer; Richard Boling is client contact.

Turner Investment Partners

300 Berwyn Park, Suite 120, Berwyn, Pa. 19312; (215) 251-0268

	($ millions)
Total assets managed	375
Total tax-exempt assets	326
Discretionary tax-exempt	326
401(k)/457 assets managed	36
No. of portfolio managers	7

Turner Investment Partners Inc. is an active equity, active bond, and balanced manager.

Its equity approach is bottom-up, stressing growth.

The asset mix Jan. 1 was 68% stocks, 32% bonds.

Robert E. Turner is chief investment officer; Stephen J. Kneeley is client contact.

The Twentieth Century Cos.

4500 Main St., Kansas City, Mo. 64111; (816) 531-5575

	($ millions)
Total assets managed	16,369
Total tax-exempt assets	6
Discretionary tax-exempt	6
401(k)/457 assets managed	3
No. of portfolio managers	6
Size of research staff	14

The Twentieth Century Cos. is an active domestic and international equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, emphasizing growth and emerging growth stocks. Its fixed-income approach is unhedged and uses interest rate anticipation.

The asset mix Jan. 1 was 95% stocks, 3% bonds and 2% cash.

James E. Stowers is chief investment officer; Gordon Snyder is client contact.

Twin Capital Management

2414 Lytle Road, Suite 300, Pittsburgh, Pa. 15102; (412) 833-0022

	($ millions)
Total assets managed	346
Total tax-exempt assets	340
Discretionary tax-exempt	340
No. of portfolio managers	2
Size of research staff	2

Twin Capital Management is an active and passive equity, passive bond and TAA manager.

The firm managed $149 million for U.S., institutional, discretionary, tax-exempt clients in passive fixed-income and equity overlays using bond and stock futures. All of the underlying assets were managed internally.

The equity approach is quantitative, using a market-neutral equity hedge.

The asset mix Jan. 1 was 100% stocks.

Geoffrey Gerber is chief investment officer; Tim Stack is client contact.

U

UBS Asset Management (New York) Inc.

1211 Avenue of the Americas, New York, N.Y. 10036-8796; (212) 789-7300

	($ millions)
Total assets managed	27,860
Total tax-exempt assets	17,000
Discretionary tax-exempt	8,650
Equity real estate assets	125
Domestic equity, index	1,420
Domestic bond, index	475
International equity, index	512
Dedicated/immunized assets	1,360
Mortgage-backed assets	107
International bond, active	8
401(k)/457 assets managed	660
No. of portfolio managers	40

UBS Asset Management (New York) Inc., formerly Chase Investors Management Corp., is an active and passive equity, active and passive bond, balanced, real estate, active and passive international/global equity, active international/global bond, short-term, enhanced index, convertibles, oil & gas and currency manager.

Its equity approach is top-down and bottom-up, seeking growth, emerging growth, low p/e and small-cap value (normalized p/e). Its fixed-income approach is hedged and uses sector analysis.

The firm runs $50 million in domestic derivative overlay strategies. All of the underlying assets are managed internally.

The parent is Union Bank of Switzerland.

Michael L. Schonberg is chief investment officer; Kinne S. Yon is client contact.

UBS Phillips & Drew International Investment

Triton Court, 14 Finsbury Square, London EC2A 1PD England; 71-901-5357

	($ millions)
Total assets managed	1,553
Total tax-exempt assets	11
Discretionary tax-exempt	11
International equity, active	11
No. of portfolio managers	6
Size of research staff	4

UBS Phillips & Drew International Investment Ltd., an active international/global equity manager, takes a bottom-up approach.

The asset mix Jan. 1 was 100% stocks.

The parent is UBS Asset Management (U.K.) Ltd.

James P. McCaughan is chief investment officer; George M. Jamgochian is client contact.

Union Capital Advisors

445 S. Figueroa St., Fifth Floor, Los Angeles, Calif. 90071; (213) 236-6747

	($ millions)
Total assets managed	3,000
Total tax-exempt assets	1,615
Discretionary tax-exempt	1,615
International equity, active	30
401(k)/457 assets managed	1,000
No. of portfolio managers	15
Size of research staff	5

Union Capital Advisors is an active domestic and international equity, active bond, balanced and currency overlay manager.

Its equity approach is bottom-up, emphasizing low p/e. Its fixed-income approach uses interest rate anticipation and sector analysis.

The firm runs $30 million in currency overlay strategies. All of the underlying assets are managed internally.

The asset mix Jan. 1 was 20% stocks, 30% bonds and 50% cash.

The parent is Union Bank/Bank of Tokyo Ltd.

Richard Earnest is chief investment officer; Robert Preston is client contact.

Union Capital Management

1100 Poydras St., Suite 1400, New Orleans, La. 70163; (504) 585-7320

	($ millions)
Total assets managed	22
Total tax-exempt assets	22
Discretionary tax-exempt	22
Mortgage-backed assets	13
No. of portfolio managers	1
Size of research staff	1

Union Capital Management, an active and passive bond manager, uses interest rate anticipation.

The asset mix Jan. 1 was 35% bonds, 5% cash and 60% mortgage-backed securities.

Kenneth J. Canepa is chief investment officer and client contact.

Union Investors Asset Management Co.

10 Liberty Square, Boston, Mass. 02109; (617) 426-3409

	($ millions)
Total assets managed	11
Total tax-exempt assets	11
Discretionary tax-exempt	11
No. of portfolio managers	7
Size of research staff	7

Union Investors Asset Management Co. is an active bond and balanced manager.

Its active equity approach is top-down, and uses Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 1% stocks, 89% bonds, and 10% cash.

The parent is Standard Chartered Equitor Asset Management N.A. Inc.

Eric H. Jostrom is chief investment officer; Robert P. Caccia Sr. is client contact.

Union Labor Life Insurance

111 Massachusetts Ave. N.W., Washington, D.C. 20001; (202) 962-8461

	($ millions)
Total:	
Internal	1,310
Assigned to other firms	275
Tax-exempt:	
Internal, discretionary	1,310
Assigned to other firms	275
GICs	433
Mortgage assets	444
No. of portfolio managers	7
Size of research staff	5

Union Labor Life Insurance Co. is a passive equity, passive bond, short-term and mortgage manager.

Its equity approach is bottom-up, focusing on low p/e stocks. Its fixed-income approach is value-oriented.

The parent is ULLICO Inc.

Herbert C. Canapary is chief investment officer; Frederic G. Burke is client contact.

United Capital Management

1700 Lincoln St., Suite 3301, Denver, Colo. 80274-8677; (303) 831-9474

	($ millions)
Total assets managed	3,936
Total tax-exempt assets	3,799
Discretionary tax-exempt	3,799
401(k)/457 assets managed	146
No. of portfolio managers	5
Size of research staff	1

United Capital Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and contrarian, emphasizing low p/e. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 79% stocks, 19% bonds and 2% cash.

The parent is Norwest Corp.

W. Lon Schreur is chief investment officer; Denise B. Johnson is client contact.

United Jersey Bank

223 Moore St., Hackensack, N.J. 07601; (201) 646-5631

	($ millions)
Total assets managed	9,200
Total tax-exempt assets	863
Discretionary tax-exempt	804
Dedicated/immunized assets	3
Mortgage-backed assets	5
International equity, active	7
401(k)/457 assets managed	82
No. of portfolio managers	12

United Jersey Bank is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up, emphasizing low p/e and yield and using Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 45% stocks, 49% bonds, 5% cash and 1% mortgage-backed securities.

The parent is UJB Financial Corp.

John W. Gustafson is chief investment officer; Robert T. Garty is client contact.

United Missouri Investment Counsel Service

P.O. Box 419692, Kansas City, Mo. 64141-6692; (816) 860-7351

	($ millions)
Total assets managed	6,800
Total tax-exempt assets	4,291
Discretionary tax-exempt	4,291
Mortgage-backed assets	172
No. of portfolio managers	15
Size of research staff	5

United Missouri Investment Counsel Service is an active equity, balanced, passive equity and bond, and short-term manager.

The equity approach focuses on growth stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 25% stocks, 49% bonds, 22% cash and 4% mortgage-backed securities.

The parent is United Missouri Bancshares.

David B. Anderson is chief investment officer and client contact.

United States National Bank of Galveston

P.O. Box 179, Galveston, Texas 77553; (409) 763-1151

	($ millions)
Total assets managed	600
Total tax-exempt assets	280
Discretionary tax-exempt	280
401(k)/457 plan assets	15
No. of portfolio managers	1
Size of research staff	1

United States National Bank of Galveston is an active equity, balanced and passive bond manager.

Its equity approach uses Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 60% stocks, 5% bonds, 35% cash.

The parent is Cullen/Frost Bankers Inc.

Harris L. Kempner Jr. is chief investment officer; Freddie B. Meier is client contact.

U.S. Trust Corp.

114 W. 47th St., New York, N.Y. 10036; (212) 852-1000

	($ millions)
Total assets managed	21,896
Total tax-exempt assets	4,000
Discretionary tax-exempt	4,000
No. of portfolio managers	15
Size of research staff	10

U.S. Trust Corp. is an active equity and bond, balanced, passive equity and bond, active international/global equity and bond, short-term and enhanced index manager.

The equity approach is top-down, bottom-up, using growth stocks and applying Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and sector and yield curve analyses.

Frederick B. Taylor is chief investment officer; Stephen J. Darby Jr. is client contact.

The assets of the following subsidiaries are included in the above data.

- U.S. Trust Co. of Texas managed $500 million in total assets and $60 million in U.S. institutional, discretionary, tax-exempt assets. It offers active equity, active bond and balanced management.

Its equity style is bottom-up, with a growth and low p/e emphasis. Its fixed-income approach uses yield curve analysis.

William J. Goodwin is chief investment officer; Rod Riggins is client contact.

- U.S. Trust Co. of California managed $1.101 billion in total assets and $322 million in U.S., institutional, discretionary, tax-exempt assets. It offers active equity and bond, balanced and short-term management.

Its equity approach is top-down, bottom up, seeking low p/es and using Graham & Dodd analysis. Its fixed-income approach uses yield curve analysis.

Robert M. Reney is chief investment officer; Mark Talt is client contact.

U.S. Trust Asset Management/Boston

40 Court St., Boston, Mass. 02108; (617) 726-7362

	($ millions)
Total assets managed	2,500
Total tax-exempt assets	1,300
Discretionary tax-exempt	1,300
401(k)/457 plan assets	250
No. of portfolio managers	11
Size of research staff	6

U.S. Trust Asset Management/Boston is an active equity, active bond, balanced, short-term and TAA manager.

Its equity approach is top-down, using growth stocks in sector rotation and market timing strategies. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 65% stocks, 30% bonds and 5% cash.

The parent is UST Corp.

Domenic Colasacco is chief investment officer; James McPartland is client contact.

U.S. Trust Co. of California

555 S. Flower St., Suite 2700, Los Angeles, Calif. 90071; (213) 488-4075

See entry for U.S. TRUST CORP.

U.S. Trust Co. of Texas

500 N. Akard, Suite 2100, LB-46, Dallas, Texas 75201; (214) 740-4222

See entry for U.S. TRUST CORP.

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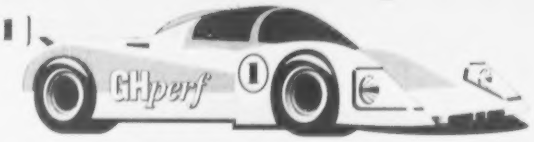

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Unity Management Inc.

2001 Marcus Ave., Lake Success,
N.Y. 11042; (516) 437-2200

	($ millions)
Total assets managed	650
Total tax-exempt assets	650
Discretionary tax-exempt	650
No. of portfolio managers	6
Size of research staff	2

Unity Management Inc. is an active equity, active bond, balanced and short-term manager.

Its equity approach uses growth and low p/e stocks and sector rotation. Its fixed-income approach uses interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 35% stocks, 60% bonds, 5% cash.

Irving Decter is chief investment officer; Thomas Foley is client contact.

E. Scott Urdang Real Estate Advisors

925 Harvest Drive, Suite 210, Blue
Bell, Pa. 19422; (215) 643-9500

	($ millions)
Total assets managed	55
Total tax-exempt assets	55
Discretionary tax-exempt	55
Equity real estate assets	22
Mortgage assets	33

E. Scott Urdang Real Estate Advisors, a real estate manager, follows a contrarian entrepreneunal approach emphasizing value and yield.

The asset mix Jan. 1 was 40% equity real estate, 60% participating mortgages.

David Blum is chief investment officer; E. Scott Urdang is client contact.

Pensions & Investments welcomes news of personnel changes. Send items to:
Sabine Schramm
Pensions & Investments
740 Rush St.
Chicago, Ill. 60611

V

Valenzuela Capital Management

14 Wall St., 18th Floor, New York,
N.Y. 10005; (212) 227-3590

	($ millions)
Total assets managed	160
Total tax-exempt assets	160
Discretionary tax-exempt	160
No. of portfolio managers	2
Size of research staff	1

Valenzuela Capital Management, an active equity manager, takes a bottom-up approach emphasizing growth and low p/e.

The asset mix Jan. 1 was 90% stocks, 10% cash.

Mariko O. Gordon is chief investment officer; Thomas Valenzuela is client contact.

Valley Capital Management

P.O. Box 71, A802, Phoenix, Ariz.
85001; (602) 221-1397

	($ millions)
Total assets managed	6,186
Total tax-exempt assets	1,882
Discretionary tax-exempt	1,341
Mortgage assets	239
401(k)/457 plan assets	125
No. of portfolio managers	18
Size of research staff	2

Valley Capital Management is an active equity, active bond, balanced, real estate, short-term and municipal bond manager.

Its equity approach is top-down, looking for growth at a reasonable price. Its fixed-income approach uses sector and yield curve analyses and intermediate-term securities.

The asset mix Jan. 1 was 24% stocks, 31% bonds, 7% cash, 18% mortgages and 20% institutional money market funds.

The parent is Valley National Corp.

Lynn Yturri is chief investment officer; Robert E. Withers is client contact.

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Prudential Securities

Value Quest Ltd.

Roundy's Hill, Marblehead, Mass.
01945; (617) 631-5508

	($ millions)
Total assets managed	414
Total tax-exempt assets	404
Discretionary tax-exempt	404
No. of portfolio managers	2
Size of research staff	4

Value Quest Ltd., an active domestic and international equity manager, takes a bottom-up approach, emphasizing low p/es, Graham & Dodd analysis and intrinsic value.

The asset mix Jan. 1 was 99% stocks, 1% cash.

Katherine Busboom Magrath is chief investment officer and client contact.

Van Deventer & Hoch

800 N. Brand Blvd., Suite 300,
Glendale, Calif. 91706; (800)
247-5331

	($ millions)
Total assets managed	1,111
Total tax-exempt assets	184
Discretionary tax-exempt	184
No. of portfolio managers	16
Size of research staff	7

Van Deventer & Hoch is an active equity, active bond, balanced and convertible manager.

The equity approach is fundamental, using low p/e stocks with market timing.

The asset mix Jan. 1 was 64% stocks, 23% bonds and 13% cash.

The parent is Chemical Banking Corp.

Richard D. Trautwein is chief investment officer; D. Tysen Nutt Jr. is client contact.

Van Eck Associates Corp.

122 E. 42nd St., New York, N.Y.
10168; (212) 687-5200

	($ millions)
Total assets managed	1,239
Total tax-exempt assets	242
Discretionary tax-exempt	242
International equity, index	85
No. of portfolio managers	5
Size of research staff	8

Van Eck Associates Corp. is an active international/global equity, active international/global bond, global short-term and gold-related securities manager.

Its equity approach is top-down, emphasizing long-term growth. Its fixed-income approach uses interest rate anticipation and top-down-currency emphasis.

The asset mix Jan. 1 was 35% stocks, 65% gold bullion.

John C. Van Eck is chief investment officer; Robin Erni is client contact.

Van Kampen Merritt Investment Advisory Corp.

1 Parkview Plaza, Oakbrook Terrace,
Ill. 60181; (708) 684-6332

	($ millions)
Total assets managed	13,715
Total tax-exempt assets	400
Discretionary tax-exempt	400
Mortgage-backed assets	80
No. of portfolio managers	14

Van Kampen Merritt Investment Advisory Corp. is an active domestic and international/global bond, short-term and enhanced index manager.

Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 70% bonds, 10% cash and 20% mortgage-backed securities.

The parent is Xerox Financial Services.

Dennis J. McDonnell is chief investment officer; John M. McCareins is client contact.

The Vanguard Group Inc.

Vanguard Financial Center, Valley
Forge, Pa. 19482; (215) 669-1000

	($ millions)
Total	
Internal, discretionary	52,300
Assigned to other firms	28,500
Tax-exempt	
Internal, discretionary	10,200
Assigned to other firms	9,400
Tax-exempt internal	
Domestic equity, index	2,774
Domestic bond, index	351
International equity, index	244
Mortgage-backed assets	437
International equity, active	678
401(k)/457 assets managed	5,500

The Vanguard Group Inc. offers active equity and bond, balanced, passive equity and bond, active and passive international/global equity, TAA and convertible portfolio management.

Equity approaches offered are top-down, bottom-up, value oriented and yield based, using growth, emerging growth and low p/e stocks. Quantitative strategies also are used, and GIC portfolios are offered.

Its fixed-income approaches are based on interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 55% stocks, 15% bonds, 20% cash, 9% GICs and 1% other.

John C. Bogle is chief investment officer; James H. Gately is client contact.

International directory: June 22.

Vaughan, Nelson, Scarborough and McConnell Inc.

6300 Texas Commerce Tower,
Houston, Texas 77002; (713)
224-2545

	($ millions)
Total assets managed	1,109
Total tax-exempt assets	877
Discretionary tax-exempt	869
401(k)/457 assets managed	16
No. of portfolio managers	6
Size of research staff	6

Vaughan, Nelson, Scarborough and McConnell Inc. is an active equity, active bond and balanced manager.

The equity approach is top-down and bottom-up, using Graham & Dodd analysis. Its fixed-income approach is based on yield curve analysis.

The asset mix Jan. 1 was 42% stocks, 49% bonds and 9% cash.

Eugene H. Vaughan Jr. is chief investment officer; Mr. Vaughan and Dougal A. Cameron IV are the client contacts.

The Venture Capital Fund of New England

160 Federal St., 23rd Floor, Boston,
Mass. 02110; (617) 439-4646

	($ millions)
Total assets managed	30
Total tax-exempt assets	23
Discretionary tax-exempt	23
No. of portfolio managers	4
Size of research staff	4

The Venture Capital Fund of New England is a venture capital manager.

The asset mix Jan. 1 was 15% cash, 85% venture capital.

Richard A. Farrell is chief investment officer and client contact.

Vilas Fischer Associates

1 World Trade Center, Suite 2101,
New York, N.Y. 10048-0080; (212)
466-0710

	($ millions)
Total assets managed	241
Total tax-exempt assets	141
Discretionary tax-exempt	141
International equity, active	12
International bond, active	12
No. of portfolio managers	6

Vilas Fischer Associates is an active equity, active bond, balanced, active international/global equity and bond, and convertible manager.

Its equity approach stresses market timing and emphasizes low p/e stocks and Graham & Dodd analysis. Its fixed-income approach is based on interest rate anticipation.

The asset mix Jan. 1 was 40% stocks, 40% bonds, 20% cash.

The parent is Friends Provident.

G.M. Rouzee Jr. is chief investment officer; David H. Carnahan Jr. is client contact.

Virginia Investment Counselors Inc.

1500 Crestar Bank Bldg., 500 E. Main,
Suite 1500, Norfolk, Va.
23510-2261; (804) 623-2491

	($ millions)
Total assets managed	612
Total tax-exempt assets	271
Discretionary tax-exempt	265
Equity real estate assets	5
Mortgage assets	10
Mortgage-backed assets	5
401(k)/457 assets managed	8
No. of portfolio managers	4
Size of research staff	1

Virginia Investment Counselors Inc. is an active equity, active bond and balanced manager.

Its equity approach is top-down and stresses low p/es and Graham & Dodd analysis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 35% stocks, 55% bonds, 5% cash, 2% equity real estate, 1% mortgages, 2% mortgage-backed securities.

Frederick V. Martin is chief investment officer; Henry V. Harris III is client contact.

Vontobel USA

450 Park Ave., New York, N.Y. 10022;
(212) 415-7000

	($ millions)
Total assets managed	300
Total tax-exempt assets	75
Discretionary tax-exempt	75
International equity, active	25
401(k)/457 plan assets	10
No. of portfolio managers	3
Size of research staff	2

Vontobel USA is an active equity, balanced, passive bond, active international/global equity and active international bond manager.

Its equity approach is bottom-up with a low p/e emphasis.

The asset mix Jan. 1 was 35% stocks and 65% bonds.

The parent is Vontobel Holding Ltd.

Edwin Walczak is chief investment officer; Brooke S. Parish is client contact.

Voyageur Asset Management

100 S. Fifth St., Suite 2200,
Minneapolis, Minn. 55402; (612)
376-7000

	($ millions)
Total assets managed	2,311
Total tax-exempt assets	607
Discretionary tax-exempt	417
Mortgage-backed assets	87
401(k)/457 plan assets	7
No. of portfolio managers	7
Size of research staff	1

Voyageur Asset Management is an active equity, active bond and balanced and short-term manager.

Its equity approach is bottom-up, using a growth focus. Its fixed-income approach uses sector analysis.

The asset mix Jan. 1 was 7.4% stocks, 69.8% bonds, 1.9% cash and 20.9% mortgage-backed securities.

The parents are Allied Insurance and Marquette Fund Advisors.

Kenneth E. Dawkins is chief investment officer; Frank Tonnemaker is client contact.

Vydex Management Group

125 Worth Ave., Palm Beach, Fla.
33480; (407) 659-3288

	($ millions)
Total assets managed	18
Total tax-exempt assets	18
Discretionary tax-exempt	18
No. of portfolio managers	2
Size of research staff	2

Vydex Management Group is an active equity, active bond, balanced, passive international/global equity, short-term and TAA manager.

The equity approach is bottom-up and yield-based, using growth and moderate p/e stocks. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 82% stocks, 10% bonds, 5% cash and 3% mortgage-backed securities.

Pearlena Wallace is chief investment officer and client contact.

W

Wachovia Corp.

301 N. Main St., Winston-Salem, N.C.
27150; (919) 770-7172

	($ millions)
Total assets managed	14,300
Total tax-exempt assets	7,200
Discretionary tax-exempt	7,200
Equity real estate assets	311
Domestic equity, index	91
No. of portfolio managers	19
Size of research staff	9

Wachovia Corp. is an active equity, active bond, balanced, passive equity, real estate, timberland and pooled GIC manager.

The asset mix Jan. 1 was 36.5% stocks, 45.5% bonds, 12.1% cash, 4.3% equity real estate and 1.6% other.

H. Vernon Winters is chief investment officer; Charles McMullin Jr. is client contact.

Waddell & Reed Asset Management Co.

6300 Lamar, Shawnee Mission, Kan.
66202; (913) 236-1735

	($ millions)
Total assets managed	1,748
Total tax-exempt assets	1,549
Discretionary tax-exempt	1,549
401(k)/457 plan assets	10
No. of portfolio managers	14
Size of research staff	20

Waddell & Reed Asset Management Co. is an active equity, active bond, balanced, active international/global equity and short-term manager.

Its equity approach is top-down, using sector rotation. Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis.

The asset mix Jan. 1 was 76% stocks, 16% bonds and 8% cash.

The parent is Waddell & Reed Inc.

Henry J. Herrmann is chief investment officer; Jackson L. Allen Jr. is client contact.

Wall Street Associates

7863 Girard Ave., Suite 300, La Jolla,
Calif. 92037; (619) 454-3104

	($ millions)
Total assets managed	700
Total tax-exempt assets	691
Discretionary tax-exempt	691
401(k)/457 assets managed	60
No. of portfolio managers	3

Wall Street Associates, an active equity manager, follows a bottom-up approach that emphasizing growth and emerging growth stocks.

The asset mix Jan. 1 was 93% stocks and 7% cash.

William Jeffery III, Kenneth F. McCain and Richard S. Coons are chief investment officers; John R. French is client contact.

Walnut Asset Management
1617 JFK Blvd., Suite 500,
Philadelphia, Pa. 19103; (215)
981-0776

	($ millions)
Total assets managed	241
Total tax-exempt assets	86
Discretionary tax-exempt	68
No. of portfolio managers	4
Size of research staff	2

Walnut Asset Management Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom-up and low p/e. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 57% stocks, 37% bonds and 6% cash.

Rutherford Financial Corp. is the parent.

Thom R. Brown is chief investment officer; George M. Treffeisen is client contact.

Warburg Investment Management International
780 Third Ave., New York, N.Y. 10017;
(212) 751-8340

	($ millions)
Total assets managed	2,550
Total tax-exempt assets	2,179
Discretionary tax-exempt	2,179
International equity, active	721
International bond, active	1,458
No. of portfolio managers	10

Warburg Investment Management International Ltd. is an active international/global equity and bond manager.

Its equity approach is top-down and bottom-up, with a growth emphasis. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 34% stocks, 66% bonds.

The parent is Mercury Asset Management PLC.

Robert P.B. Michaelson is chief investment officer; Steven W. Golann and J. Eric Nelson are client contacts.

Warburg, Pincus Counsellors Inc.
466 Lexington Ave., New York, N.Y.
10017; (212) 878-9432

	($ millions)
Total assets managed	5,500
Total tax-exempt assets	1,931
Discretionary tax-exempt	1,849
401(k)/457 plan assets	14
No. of portfolio managers	15
Size of research staff	11

Warburg, Pincus Counsellors Inc. is an active equity, active bond, balanced, active international/global equity and bond, short-term and venture capital manager.

Its equity approach is bottom-up, with a growth and emerging growth focus. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 69% stocks, 26% bonds, 5% cash.

The parent is E.M. Warburg, Pincus & Co.

Andrew H. Massie Jr. is chief investment officer; Walter W. Shulitis is client contact.

Wardley Investment Services (Hong Kong) Ltd.
Bank of America Tower, 12 Harcourt
Road, Hong Kong; (212) 503-6690

	($ millions)
Total assets managed	5,842
Total tax-exempt assets	133
Discretionary tax-exempt	133
International equity, active	122
International cash assets	11
No. of portfolio managers	32
Size of research staff	10

Wardley Investment Services (Hong Kong) Ltd. is an active international/global equity and bond and Pacific Basin manager.

Its equity approach is top-down and emphasizes low p/e stocks and using Graham & Dodd analysis, sector rotation and market rotation. Its fixed-income approach is based on interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 92% stocks, 8% cash.

The parent is Wardley Investment Services Ltd.

C.P. Sherwood is chief investment officer; Deborah G. George is client contact in New York.

David E. Ware & Associates
2300 N. Barrington Road, Suite 340,
Hoffman Estates, Ill. 60195; (708)
490-9060

	($ millions)
Total assets managed	39
Total tax-exempt assets	8
Discretionary tax-exempt	8
No. of portfolio managers	1
Size of research staff	2

David E. Ware & Associates is a balanced and short-term manager.

Its equity approach is top-down and quantitative, with a focus on growth, emerging growth and low p/e, and using Graham & Dodd analysis and sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 52% stocks, 11% bonds, 37% cash.

David E. Ware is chief investment officer and client contact.

Washington Capital Management
1301 Fifth Ave., Suite 3636, Seattle,
Wash. 98101; (206) 382-0825

	($ millions)
Total assets managed	605
Total tax-exempt assets	605
Discretionary tax-exempt	605
Mortgage assets	38
Domestic bond, index	18
Dedicated/immunized assets	60
Mortgage-backed assets	25
401(k)/457 assets managed	40
No. of portfolio managers	8

Washington Capital Management is an active equity, active bond, balanced, short-term, mortgage income and bond dedication manager.

The equity approach is top-down, with a focus on growth and low p/e stocks. Its fixed-income approach is based on yield curve analysis.

Michael G. Russell is chief investment officer; Donald M. Weller Jr. is client contact.

Washington Square Capital
625 Marquette Ave., Suite 1400,
Minneapolis, Minn. 55402; (612)
342-3736

	($ millions)
Total assets managed	9,000
Total tax-exempt assets	1,500
Discretionary tax-exempt	1,500
GICs	1,500
No. of portfolio managers	5
Size of research staff	20

Washington Square Capital Inc. is an active bond, short-term and high-yield bond manager.

Its fixed-income approach uses sector analysis, yield curve analysis and intense credit and options analyses.

The asset mix Jan. 1 was 74% bonds, 9% cash and 17% mortgage-backed securities.

The parent is NWNL Cos. Inc.

Douglas P. Hedberg is chief investment officer; Mike Eidem and John Maschoff are client contacts.

Wedge Capital Management
2920 One First Union Center,
Charlotte, N.C. 28202-6002; (704)
334-6475

	($ millions)
Total assets managed	1,639
Total tax-exempt assets	1,414
Discretionary tax-exempt	1,414
401(k)/457 plan assets	200
No. of portfolio managers	5
Size of research staff	3

Wedge Capital Management is an active equity, active bond and balanced manager.

Its equity approach is bottom-up, with a low p/e focus.

The asset mix Jan. 1 was 70% stocks, 15% bonds, 15% cash.

Richard X. Hodde is chief investment officer; R. Michael James is client contact.

Wedgewood Capital Management Inc.
1350 I St., Suite 830, Washington,
D.C. 20005; (202) 408-1550

	($ millions)
Total assets managed	50
Total tax-exempt assets	50
Discretionary tax-exempt	50
Mortgage-backed assets	14
No. of portfolio managers	1
Size of research staff	1

Wedgewood Capital Management Inc., an active bond manager, uses sector analysis.

The asset mix Jan. 1 was 71.4% bonds, 1.4% cash, 27.2% mortgage-backed securities.

Daryl Dennis is chief investment officer; Danna Maller is client contact.

Weiss, Peck & Greer
1 New York Plaza, New York, N.Y.
10004; (212) 908-9500

	($ millions)
Total assets managed	10,500
Total tax-exempt assets	6,000
Discretionary tax-exempt	6,000
No. of portfolio managers	13
Size of research staff	10

Weiss, Peck & Greer is an active equity, active bond, balanced, active international/global equity, short-term, enhanced index and venture capital manager.

Its equity approach emphasizes growth stocks. Its fixed-income approach is based on constant duration.

The asset mix Jan. 1 was 90% stocks, 2% bonds, 8% cash.

Stephen H. Weiss is chief investment officer; Nelson Schaenen Jr. is client contact.

Wellington Management Co.
75 State St., Boston, Mass. 02109;
(617) 951-5000

	($ millions)
Total assets managed	56,830
Total tax-exempt assets	17,518
Discretionary tax-exempt	17,518
Mortgage assets	135
International equity, active	486
International bond, active	144
No. of portfolio managers	33
Size of research staff	52

Wellington Management Co. is an active equity, active bond, balanced, real estate, active international/global equity and bond, short-term, convertible and international/global balanced manager.

Its equity approach is top-down, bottom-up and yield based, using Graham & Dodd analysis and sector rotation with a growth, emerging growth and low p/e focus.

Its fixed-income approach uses interest rate anticipation, sector analysis and yield curve analysis, with hedged strategies.

The asset mix Jan. 1 was 77% stocks, 19% bonds, 3% cash, 1% mortgages.

Robert W. Doran is chief investment officer; Dena G. Willmore is client contact.

Wells Fargo Nikko Investment Advisors
45 Fremont St., San Francisco, Calif.
94105; (415) 597-2700

	($ millions)
Total assets managed	103,526
Total tax-exempt assets	96,715
Discretionary tax-exempt	96,715
Domestic equity, index	60,130
Domestic bond, index	26,396
International equity, index	6,659
International bond, index	110
Dedicated/immunized assets	349
Mortgage-backed assets	1,071
International cash assets	2,000
401(k)/457 assets managed	4,550
No. of portfolio managers	20
Size of research staff	6

Wells Fargo Nikko Investment Advisors is an active and passive equity, balanced, passive bond, active international/global equity, passive international/global equity and bond, short-term, TAA and enhanced index manager.

The equity approach is quantitative.

The asset mix Jan. 1 was 69% stocks, 27% bonds, 3% cash and 1% mortgage-backed securities.

Of the assets above, $2 billion was managed in currency hedging and hedged domestic equity programs. All of the underlying were managed internally.

The parent companies are Wells Fargo & Co. and Nikko Securities Ltd. Co.

Patricia Dunn and Donald L. Luskin are chief investment officers; Michael Henman is client contact.

Wells Fargo Realty Advisors
600 Montgomery St., 29th Floor, San
Francisco, Calif. 94111; (415)
396-6222

	($ millions)
Total assets managed	668
Total tax-exempt assets	668
Discretionary tax-exempt	668
Equity real estate assets	645
Mortgage assets	4
401(k)/457 assets managed	37
No. of portfolio managers	2

Wells Fargo Realty Advisors is a real estate manager.

The asset mix Jan. 1 was 2.8% cash, 96.6% equity real estate, and 0.6% mortgages.

The parent is Wells Fargo Bank N.A.

Doug Hayek is chief investment officer; J. Michael Johnson is client contact.

Welsh Money Management
263 Chapalita Drive, Encinitas, Calif.
92024; (619) 436-2456

	($ millions)
Total assets managed	16
Total tax-exempt assets	10
Discretionary tax-exempt	10
No. of portfolio managers	1

Welsh Money Management is an active equity manager using market-timing and sector rotation.

The asset mix Jan. 1 was 90% stocks, 10% cash.

E. James Welsh is chief investment officer and client contact.

Wentworth, Hauser & Violich
333 Sacramento St., San Francisco,
Calif. 94111; (415) 981-6911

	($ millions)
Total assets managed	2,082
Total tax-exempt assets	1,656
Discretionary tax-exempt	1,656
401(k)/457 assets managed	20
No. of portfolio managers	10
Size of research staff	8

Wentworth, Hauser & Violich is an active equity, active bond, balanced and short-term manager.

Its equity approach is bottom-up and yield based, using Graham & Dodd analysis and a low p/e focus. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 30% stocks, 65% bonds, 5% cash.

W. Kurt Hauser is chief investment officer; Bradford Hall is client contact.

Wertheim Schroder Investment Services Inc.
787 Seventh Ave., New York, N.Y.
10019; (212) 492-6000

	($ millions)
Total assets managed	1,815
Total tax-exempt assets	1,183
Discretionary tax-exempt	1,183
Mortgage assets	150
Mortgage-backed assets	150
401(k)/457 assets managed	3
No. of portfolio managers	9
Size of research staff	26

Wertheim Schroder Investment Services Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom-up, with an emphasis on relative value. Its fixed-income approach is based on sector and yield curve analyses.

The asset mix Jan. 1 was 44% stocks, 11% bonds, 19% cash, 13% mortgages and 13% mortgage-backed securities.

The parent is Wertheim Schroder & Co.

E. William Smethurst Jr. is chief investment officer; Gary S. Klem is client contact.

Western Asset Management
117 E. Colorado Blvd., Pasadena,
Calif. 91105; (818) 584-4300

	($ millions)
Total assets managed	7,893
Total tax-exempt assets	6,104
Discretionary tax-exempt	4,306
Domestic bond, index	36
Mortgage-backed assets	732
401(k)/457 assets managed	182
No. of portfolio managers	6
Size of research staff	4

Western Asset Management is an active domestic and international/global bond, short-term, enhanced index and long-duration fixed-income manager.

Its fixed-income approach uses sector analysis, yield curve analysis and issue selection.

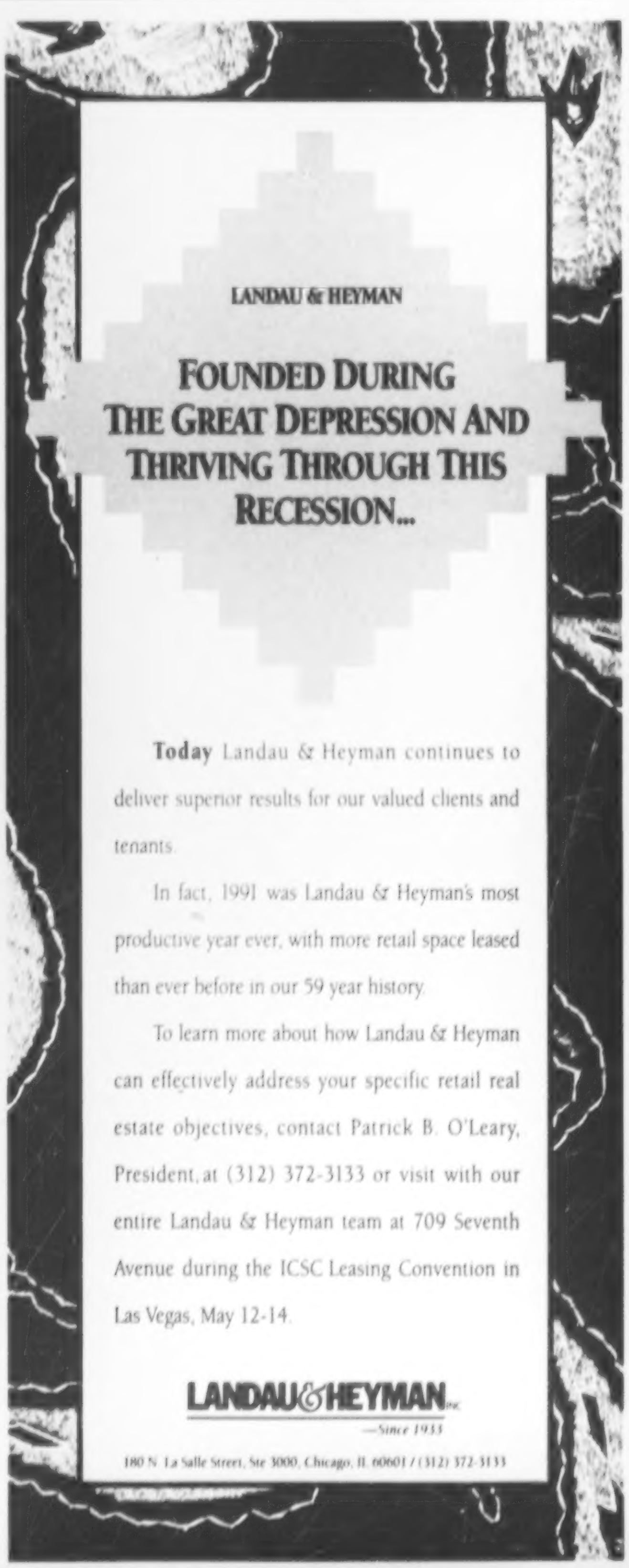
The asset mix Jan. 1 was 59% bonds, 15% cash, 17% mortgage-backed securities, 9% asset-backed securities.

The firm is an affiliate of Legg Mason Inc.

Kent S. Engel is chief investment officer; Randolph L. Kohn is client contact.

Western Capital Management Corp.
1245 S. Winchester Blvd., San Jose,
Calif. 95128; (408) 292-3088

	($ millions)
Total assets managed	465
Total tax-exempt assets	210
Discretionary tax-exempt	210
Equity real estate assets	20
Mortgage assets	11
Domestic equity, index	1
Mortgage-backed assets	32



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401(k)/457 assets managed	2
No. of portfolio managers	3

Western Capital Management Corp. is an active and passive equity, active domestic and international/global bond, balanced, real estate, short-term, venture capital, and strategic asset allocation manager.

Its equity approach is top-down, emphasizing growth. Its fixed-income approach is unhedged, using interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 5% stocks, 47% bonds, 17% cash, 10% equity real estate, 5% mortgages, and 16% mortgage-backed securities.

The parent is Pacific Trust Co.

Philip A. Hart is chief investment officer and client contact.

Westfield Capital Management

1 Financial Center, Boston, Mass.
02111; (617) 345-0444

	($ millions)
Total assets managed	419
Total tax-exempt assets	157
Discretionary tax-exempt	157
International equity, active	8
No. of portfolio managers	4
Size of research staff	4

Westfield Capital Management is an active equity and balanced manager.

Its equity approach is bottom-up, with a growth, emerging growth focus. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 66% stocks, 28% bonds, 6% cash.

C. Michael Hazard is chief investment officer; David G. Boyce is client contact.

Westpeak Investment Advisors

1050 Walnut St., Suite 300, Boulder,
Colo. 80302; (303) 786-7700

	($ millions)
Total assets managed	133
Total tax-exempt assets	127
Discretionary tax-exempt	127
No. of portfolio managers	1
Size of research staff	2

Westpeak Investment Advisors, an active equity manager, follows a multifactor quantitative approach.

The asset mix Jan. 1 was 100% stocks.

The parent is New England Investment Cos.

Gerald H. Scriver is chief investment officer; Antwine Jefferson and Elliott Gartner are client contacts.

CAMPBELL
& COMPANY SINCE 1972
MANAGED FUTURES
410-296-3301

WFG Investment Management

1331 H St. N.W., Suite 300,
Washington, D.C. 20005; (202)
628-7457

	($ millions)
Total assets managed	20
Total tax-exempt assets	16
Discretionary tax-exempt	16
Equity real estate assets	4
Mortgage-backed assets	0.5
No. of portfolio managers	1
Size of research staff	1

WFG Investment Management is an active equity, active bond, balanced and real estate manager.

The equity approach is top-down, emphasizing growth stocks and applying sector rotation. Its fixed-income approach is based on interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 22% stocks, 45% bonds, 5% cash, 25% equity real estate and 3% mortgage-backed securities.

Carol Greenwald is chief investment officer and client contact.

Widmann, Siff & Co.

40 Morris Ave., Suite 120, Bryn Mawr,
Pa. 19010; (215) 520-0500

	($ millions)
Total assets managed	347
Total tax-exempt assets	159
Discretionary tax-exempt	159
No. of portfolio managers	4
Size of research staff	2

Widmann, Siff & Co. Inc. is an active equity and active bond manager.

Its equity approach is bottom-up and yield based, with a growth and low p/e emphasis. Its fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 65% stocks, 15% bonds, 20% cash.

Ernest R. Widmann is chief investment officer; Jeffrey S. McCallum is client contact.

Willoughby Holin & Rentner

7455 N.W. Fourth St., Plantation, Fla.
33317; (305) 584-8800

	($ millions)
Total assets managed	205
Total tax-exempt assets	151
Discretionary tax-exempt	151
No. of portfolio managers	3

Willoughby Holin & Rentner is an active and passive equity, passive bond and balanced manager.

Its equity approach is bottom-up, focusing on growth and emerging growth stocks.

The asset mix Jan. 1 was 75% stocks, 25% cash.

Michael A. Harris is chief invesment officer; James D. Rentner is client contact.

Wilmington Capital Management Inc.

1 Rodney Square, Suite 100,
Wilmington, Del. 19801; (302)
656-8241

	($ millions)
Total assets managed	1,000
Total tax-exempt assets	892
Discretionary tax-exempt	892
Mortgage-backed assets	3
401(k)/457 assets managed	191
No. of portfolio managers	2
Size of research staff	3

Wilmington Capital Management Inc. is an active equity and balanced manager.

Its equity approach is bottom-up and Graham & Dodd-value based. Its fixed-income approach is based on yield curve analysis.

The asset mix Jan. 1 was 85% stocks, 3.5% bonds, 11% cash, 0.5% mortgage-backed securities.

The parent is Wilmington Trust Co.

James W. MacAllen is chief investment officer; James Graves is client contact.

ML Futures Investment Partners Inc.
A wholly-owned subsidiary of Merrill Lynch & Co., Inc.

Managed Futures Investment Services
Institutional, Corporate and Individual Clients
Commodity Pool Operator

World Financial Center – South Tower
New York, NY 10080-6106
(212) 236-4158

Merrill Lynch

Wilmington Trust Co.

Rodney Square North, Wilmington,
Del. 19890; (302) 651-8518

	($ millions)
Total assets managed	26,848
Total tax-exempt assets	1,245
Discretionary tax-exempt	1,245
401(k)/457 plan assets	12
No. of portfolio managers	15
Size of research staff	8

Wilmington Trust Co. is an active domestic and international/global equity, active bond, balanced and short-term manager.

Its equity approach stresses low p/e stocks and Graham & Dodd analysis. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 39% stocks, 33% bonds and 28% cash.

In addition to the assets above, the firm has placed $154 million with external investment advisory firms, of which $40 million is tax-exempt.

Peter J. Succoso is chief investment officer; Jeffrey Stroble is client contact.

Wilshire Asset Management

1299 Ocean Ave., Santa Monica, Calif.
90403; (310) 451-3051

	($ millions)
Total assets managed	5,740
Total tax-exempt assets	5,740
Discretionary tax-exempt	4,405
No. of portfolio managers	2
Size of research staff	4

Wilshire Asset Management, a passive equity manager, takes a quantitative and bottom-up approach, emphasizing growth, emerging growth and low p/e stocks.

The asset mix Jan. 1 was 100% stocks.

The parent is Wilshire Associates Inc.

Thomas D. Stevens is chief investment officer; Michael J. Napoli Jr. is client contact.

Wilson Foster

4987 Olivas Park Drive, Suite 100,
Ventura, Calif. 93003; (805)
644-8207

	($ millions)
Total assets managed	103
Total tax-exempt assets	95
Discretionary tax-exempt	95
No. of portfolio managers	2
Size of research staff	3

Wilson Foster, an active equity manager, follows a bottom-up approach, emphasizing growth companies.

The asset mix Jan. 1 was 80% stocks and 20% cash.

Harvey Wilson is chief investment officer and client contact.

Windham Capital Management

17 State St., Fourth Floor, New York,
N.Y. 10004; (212) 487-3568

	($ millions)
Total assets managed	678
Total tax-exempt assets	673
Discretionary tax-exempt	223
No. of portfolio managers	2
Size of research staff	3

Windham Capital Management is an active equity, balanced, TAA and currency manager.

Its equity approach is bottom-up and quantitative.

The asset mix Jan. 1 was 40% stocks, 40% bonds and 20% currency.

Neil M. McCarthy and Mark Kritzman are chief investment officers; Thomas M. Kelly is client contact.

Winrich Capital Management

23702 Birtcher Drive, Lake Forest,
Calif. 92630; (714) 380-0200

	($ millions)
Total assets managed	250
Total tax-exempt assets	132
Discretionary tax-exempt	132
Mortgage-backed assets	8
International equity, active	25
International bond, active	10
401(k)/457 assets managed	35
No. of portfolio managers	6
Size of research staff	3

Winrich Capital Management is an active equity, active bond, balanced and short-term manager.

The equity approach is bottom-up, using Graham & Dodd analysis. Its fixed-income approach is based on interest rate anticipation and sector analysis.

The asset mix Jan. 1 was 65% stocks, 24% bonds, 5% cash and 6% mortgage-backed securities.

Darrell Winrich is chief investment officer; Paul Black is client contact.

William D. Witter Inc.

153 E. 53rd St., New York, N.Y.
10022; (212) 753-7878

	($ millions)
Total assets managed	415
Total tax-exempt assets	182
Discretionary tax-exempt	182
No. of portfolio managers	8
Size of research staff	1

William D. Witter Inc. is an active equity and balanced manager.

Its equity approach is bottom-up, focusing on small-cap, growth and low p/e stocks.

The asset mix Jan. 1 was 78% stocks, 17% bonds, 5% cash.

William D. Witter is chief investment officer and client contact.

Wolf, Webb, Burk & Campbell Inc.

260 S. Broad St., Suite 901,
Philadelphia, Pa. 19102; (215)
735-5910

	($ millions)
Total assets managed	1,652
Total tax-exempt assets	1,652
Discretionary tax-exempt	1,652
Mortgage-backed assets	83
No. of portfolio managers	7

Wolf, Webb, Burk & Campbell Inc. is an active equity, active bond, balanced and limited maturity/fixed management manager.

Its equity approach uses both growth and low p/e value combined with sector rotation and market-timing. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 31% stocks, 52% bonds, 12% cash and 5% mortgage-backed securities.

H. Jerry Wolf is chief investment officer; William J. Campbell is client contact.

Denis Wong & Associates

1314 S. King St., Suite 1057,
Honolulu, Hawaii 96814; (808)
537-9931

	($ millions)
Total assets managed	126
Total tax-exempt assets	122
Discretionary tax-exempt	122
No. of portfolio managers	3
Size of research staff	2

Denis Wong & Associates Inc. is an active equity, balanced, passive bond and short-term manager.

Its equity approach is bottom-up with a value/growth overlay. Its fixed-income approach uses laddered maturities, interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 80% stocks, 15% bonds and 5% cash.

Denis Y. Wong is chief investment officer; Brian H. Morikuni is client contact.

Wood Island Associates Inc.

80 E. Sir Francis Drake Blvd.,
Larkspur, Calif. 94939; (415)
461-3850

	($ millions)
Total assets managed	714
Total tax-exempt assets	480
Discretionary tax-exempt	480
No. of portfolio managers	8

Wood Island Associates Inc. is an active equity, active bond and balanced manager.

Its equity approach is bottom up, emphasizing emerging growth and low p/e stocks.

The asset mix Jan. 1 was 56% stocks, 28% bonds and 16% cash.

Ronald S. Sloan is chief investment officer; Lawrence A. Mitchell is client contact.

Wood, Struthers & Winthrop Management Corp.

140 Broadway, New York, N.Y. 10005;
(212) 504-4000

	($ millions)
Total assets managed	1,277
Total tax-exempt assets	387
Discretionary tax-exempt	330
Mortgage-backed assets	9
International bond, active	25
401(k)/457 assets managed	70
No. of portfolio managers	6
Size of research staff	3

Wood, Struthers & Winthrop Management Corp. is an active equity, active bond, balanced and mutual fund manager.

Its equity approach uses both growth and low p/e stocks. Its fixed-income approach is unhedged, using interest rate anticipation and sector and yield curve analyses.

The asset mix Jan. 1 was 50% stocks, 46% bonds, 1% cash and 3% mortgage-backed securities.

The parents are Donaldson, Lufkin & Jenrette and The Equitable.

James A. Engle is chief investment officer; Martin Jaffe is client contact.

World Invest Ltd.

780 Third Ave., New York, N.Y. 10017;
(212) 755-0900

	($ millions)
Total assets managed	3,769
Total tax-exempt assets	2,711
Discretionary tax-exempt	2,711
International equity, active	555
International bond, active	1,199
International cash assets	957
No. of portfolio managers	13
Size of research staff	3

World Invest Ltd. is an active international equity, bond and balanced manager.

Its equity approach is top-down. Its fixed-income approach is sometimes hedged.

The asset mix Jan. 1 was 21% stocks, 44% bonds and 35% cash.

Keith Brown is chief investment officer; Susan Leader is client contact.

Wright Investors' Service

1000 Lafayette Blvd., Bridgeport,
Conn. 06604; (203) 330-5000

	($ millions)
Total assets managed	3,540
Total tax-exempt assets	3,010
Discretionary tax-exempt	3,010
International equity, index	30
Dedicated/immunized bonds	751
International equity, active	52
No. of portfolio managers	8
Size of research staff	22

Wright Investors' Service is an active and passive equity, active and passive bond, balanced, active and passive international/global equity, short-term, TAA and dedicated bond manager.

Its primary equity approach is quantitative and bottom-up, stressing high quality and growth stocks.

Its primary fixed-income approach uses interest rate anticipation and yield curve analysis.

The asset mix Jan. 1 was 41% stocks, 51% bonds and 8% cash.

The parent is Winthrop Corp.

Judith R. Corchard is chief investment officer; Albert L. Meric Jr. is client contact.

Y

Yamaichi International Capital Management Co.

c/o Yamaichi Capital Management, 2
World Trade Center, Suite 9828,
New York, N.Y. 10048; (212)
466-6800

	($ millions)
Total assets managed	16,495
Total tax-exempt assets	274
Discretionary tax-exempt	274
International equity, active	274
No. of portfolio managers	47
Size of research staff	112

Yamaichi International Capital Management Co. Ltd. is an active and passive international/global equity, active international/global bond and balanced manager.

Its equity approach is top-down and bottom-up, emphasizing low p/e stocks. Quantitative strategies are used.

The asset mix Jan. 1 was 100% stocks.

Kiyotoshi Aiba is chief investment officer; Craig A. Leman is client contact.

The Yarmouth Group Inc.

10 E. 50th St., Swiss Bank Tower,
New York, N.Y. 10022; (212)
355-4810

	($ millions)
Total assets managed	7,070
Total tax-exempt assets	4,650
Discretionary tax-exempt	4,100
Equity real estate assets	3,890
No. of portfolio managers	14
Size of research staff	8

The Yarmouth Group Inc. is a real estate manager.

The asset mix Jan. 1 was 95% equity real estate, 5% REITs.

Christopher D. Budden is chief investment officer; David R. Hodes is client contact.

Yeager, Wood & Marshall

630 Fifth Ave., New York, N.Y. 10111;
(212) 765-5350

	($millions)
Total assets managed	500
Total tax-exempt assets	400
Discretionary tax-exempt	400
No. of portfolio managers	3

Yeager, Wood & Marshall Inc. is an active growth equity manager.

The asset mix Jan. 1 was 99% stocks, 1% cash.

George M. Yeager is client contact.

Continued on page 87

A defined contribution plan update will be published Aug. 3.

Alphabetical list of firms and their tax-exempt rankings

Firm	Rank
Abacus Financial	890
Abbott Capital	432
Abner, Herrman & Brock	699
Acadian Asset	247
Acorn Asset	564
Addison Capital	763
Aetna Life	7
AFA Financial	610
Affiliated Nat'l Bank/Greeley	620
AIG Global Investors	587
Albion Management	864
Aldrich, Eastman & Waltch	235
Fred Alger	240
Allegheny Financial	*
Allegiance Capital	800
Alliance Capital	11
Allied Capital	814
Allstate Life	111
Alpha Source	572
Amalgamated Bank/N.Y.	212
AMB Institutional Realty	543
Ambs Investment	604
American Agricultural	826
American Asset/New York	563
American Asset/Clevcland	519
American Fund Advisors	823
Amerindo Investment	308
Ameritas Investment	418
Ameritrust	71
Amivest Capital	479
AMR Investment	254
AmSouth Bank	211
Analytic Investment	275
ANB Investment	36
Anchor Capital Advisors	518
Angeles Institutional	570
Anhalt/O'Connell	354
Aon Advisors	265
Argus Investors' Counsel	288
Argus Investment	633
Ariel Capital	296
Ariston Capital	868
Armstrong Shaw	795
Arnhold & S. Bleichroeder	593
Arnhold & S. Bleichroeder Int'l	435
Arnold Investment Counsel	603
Aronson + Fogler	445
ASB Capital	82
Ashfield	361
Ashland Management	299
Associated Bank	552
Atalanta/Sosnoff Capital	238
Atlanta Capital	321
Atlantic Portfolio Analytics	401
Audit Investments	866
Austin & Calvert	491
Avatar Associates	216
Axe-Houghton	353
J.H. Ayres	172
David L. Babson	322
Back Bay Advisors	303
Badgley, Phelps & Bell	693
Julius Baer Investment	300
Bailard Biehl & Kaiser	511
Baillie, Gifford Overseas	653
Robert W. Baird	461
Balch, Hardy, Scheinman	506
Balcor	280
Banc One Investment Advisors	97
Bank of America	405
Bank IV	468
Bank of Ireland Asset	545
Bank of New York	54
Bank of the West	694
Bankers Trust	1
Barclay Capital	778
Barclays de Zoete Wedd	586
Baring Int'l	116
Weaver C. Barksdale	286
Barnett Banks Trust	227
Barrow, Hanley	53
Bartlett	411
Batterymarch Financial	151
Batterymarch: Agrivest	652
Baxter Investments	884
Bay Banks Investment	332
BEA Associates	59
Beal Investment	580
Bear Stearns Asset	124
Becker Capital	487
Becker Van Etten	616
Beekman Capital	514
Bell Capital	612
Benchmark Asset	621
Benefit Capital	184
Berents Capital	809
Berger Associates	819
Sanford C. Bernstein	50
Bessemer Trust	320
Beutel, Goodman Capital	496
Beyreuther	874
Bidwell & Riddle	577
Birtcher Realty	476
George D. Bjurman	372
Blackstone Financial	409
William Blair	256
BMI Capital	681
Boatmen's Trust	37
Boston Advisory Group	745
Boston Co.	23
Boston Int'l Advisors	221
Bounty Management	698
Bowman Financial	645
Boylston Capital	180
Boys, Arnold	588
Bradford Investment	623
Bradford & Marzec	251
Brandes Investment	668
Breau Capital	566
Daniel Breen	248
Brinson Partners	32
Bronner Group	860
Brooks Capital	799
Alex. Brown Kleinwort Benson	314
Brown Brothers Harriman	89
Brundage, Story & Rose	262
Burgess Capital	503
Burnham	507
Cabot Partners	373
Cadence Capital	424
Cadinha	516
Calamos Asset	472
Caldwell & Orkin	575
Cambridge Group	909
Campbell	841
Campbell, Cowperthwait	594
Capital Advisors	538
Capital Consultants	404
Capital Growth	281
Capital Guardian Trust	16
Capital Investment Advisors	741
Capital Investment Counsel	881
Capital Investment Services	376
Capital Research	128
Capital Technology	541
Capital Trust	337
Capstone Asset	287
Cartwright & Goodwin	703
Cashen Investment	848
Cashman Farrell	195
Cattanach & Associates	812
CB Commercial Realty	391
Central Carolina Bank	466
Centurion Trust	*
Certus Financial	138
Chancellor	33
Chandler Liquid Asset	640
Charles River	568
Charter Research	880
Chase Investment	517
Chase Manhattan/Conn.	365
Cheswick Investment	707
Chicago Asset	323
Chicago Corp.	199
Chicago Title & Trust	305
Chrysalis Investments	901
CIC Asset	664
CIGNA Investments	13
Cisneros Asset	513
Citibank Real Estate	368
Citicorp Global Asset	471
Classic Asset	905
Clay Finlay	215
Clean Yield Asset	894
Clemente Capital	634
Clifton Group	678
Clover Capital	454
CMB Investment	665
Collins Associates	*
Colorado Capital	384
Columbia	91
Columbus Bank & Trust	630
Columbus Circle	119
Commerce Bank	278
Commerz Int'l	785
Common Fund	*
Composite Research	528
Computime Institutional	885
Compu-Val Investments	647
Concord Capital	356
Confederation Life	167
Connecticut Investment	788
Connors Investor Services	730
Consistent Asset	293
Continental Asset	906
Continental Assurance	87
Continental Bank	338
Cooke & Bieler	146
Copley Real Estate	67
Corbyn Associates	662
CoreStates Investment	149
Cornell Capital	883
Cornerstone Asset	655
Cornerstone Capital	863
Corporate Property	239
Coventry Realty	550
Cowen Asset	417
Cozad Asset	710
Crabbe Huson	433
Cramblitt & Carney	342
Cramer Rosenthal McGlynn	600
Crawford Investment	534
Crestar Bank	144
CRI Institutional	869
Criterion Investment	70
Cseh Int'l	753
CSI Asset	219
Cullen Center Bank	639
Cumberland Advisors	697
John M. Cunningham	854
Martin Currie	611
Cutler	387
Daiwa Int'l Capital	425
Dalton, Greiner	194
Dana Investment	412
Darien Capital	**
Davenport	661
Davidson, Garrard	742
Davis, Hamilton	483
Davis, Weaver	561
Dawes Investment	725
Dawson-Samberg Capital	651
Dean Investment	159
Dearden, Maguire & Weaver	484
Delaware Int'l Advisers	590
Delaware Investment Advisers	38
Delta Asset	234
Delta Financial	689
D.F. Dent	584
Denver Investment	117
Derby	670
Devon Institutional Realty	605
Dewey Square Investors	163
Dietche & Field Advisors	316
Dillon Read Int'l	540
Dimensional Fund Advisors	103
Discount Corp./N.Y.	213
Dodge & Cox	81
Dollins Symons	886
Dominion Trust	395
Carl Domino	520
Dorsey	737
Draper/Computime	888
Dremen Value	176
Dreyfus	140
Duff & Phelps	46
Duncan-Hurst Capital	364
Dundee Partners	756
Dunedin Fund Managers	422
Dusco	462
Eads & Heald	842
Eagle Asset	157
Eagle Capital	731
Eastbridge Capital	456
Eastdil Realty	486
Eastover Capital	764
Eaton Vance	266
Edgewood Management	748
Edinburgh-Wilmington Int'l	796
Peter Ehrlich	774
Eickhoff, Pieper & Willoughby	648
1838 Investment Advisors	206
Emerging Markets	423
EMG Advisors	669
Roger Engemann	360
Enhanced Investment	333
Equitable Capital	17
Equitable Real Estate	34
Equity Investment	789
Equus Capital	773
Essex Investment	295
Estabrook Capital	398
Evans & Moxon Capital	677
Eveans, Bash, Magrino	463
Evergreen Asset	706
EverGreen Capital	791
Ewing Capital	824
Excalibur Management	714
Executive Investment	688
Florence Fearrington	744
Federated Investment	325
Fenimore Asset	750
Ferguson, Wellman, Rudd	415
Ferguson Investment	899
FFCA Institutional	559
Fidelity Investments	8
Fiduciary Capital	429
Fiduciary Management	273
Fiduciary Management/Milw.	455
Fiduciary Trust Int'l	95
Fielding Management	736
Fifth Third Bank	197
Financial Counselors	324
Fine Capital	772
First Asset	125
First Austin Capital	878
First Boston Asset	377
First Capital Advisers	554
First Capital Strategists	**
First Coast Capital	632
First Commercial Trust	258
First Interstate Bank	126
First Interstate Bank/Nev.	602
First Interstate Bank/Wash.	241
First Manhattan Capital	181
First Nat'l Bank/Md.	263
First Nat'l Bank/Omaha	326
First Pacific Advisors	201
First Quadrant	246

*Manager of managers, not ranked

**Overlay managers, not ranked

Z

Continued from page 86

Zevenbergen Capital Inc.
2434 2 Union Square, 601 Union St.,
Seattle, Wash. 98101; (206)
682-8469

	($ millions)
Total assets managed	183
Total tax-exempt assets	158
Discretionary tax-exempt	158
No. of portfolio managers	2

Zevenbergen Capital Inc., an active equity manager, takes a bottom-up approach focusing on growth stocks.

The asset mix Jan. 1 was 95% stocks, 5% cash.

Nancy A. Zevenbergen is chief investment officer; Marne H. Taft is client contact.

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7823 National Service Road, Air Park West
P.O. Box 26903, Greensboro, NC 27419-6903

EQUAL HOUSING OPPORTUNITY

Alphabetical list of firms and their tax-exempt rankings

Firm	Rank
First Security	761
First Tennessee	222
First Union Nat'l	113
First Wisconsin Asset	135
Fischer Francis Trees	60
Fisher Investments	420
Fiske Capital	766
Fleet Investment	45
Flippin, Bruce & Porter	500
Richard Fontaine	549
Forest Investment	713
Forstmann-Leff	156
Fort Washington	747
Fox Asset	442
Foxhall Investment	581
Franklin Advisers	93
Franklin Asset	396
Franklin Institutional	28
Franklin Portfolio	141
Freedom Capital	410
Froley, Revy Investment	447
Frontier Capital	294
Furgueson Capital	780
FX Concepts	**
Gabelli-O'Connor	663
Galleon Capital	834
Ganucheau, Stupfel	344
Gardner Lewis	768
Garner Asset	898
Garrison, Keogh	650
GE Investments	12
Geewax, Terker	187
General American Investors	347
General American Life	276
Genesis Capital	740
Geneva Capital	716
Geometry Asset	649
GeoVest Advisors	828
Gerbino, Kenneth J.	836
Glenmede Trust	115
Glickenhaus & Co.	318
Global Fixed Income Advisors	284
Globalt	851
GMG/Seneca Capital	555
Godsey & Gibb	626
Goldman Sachs	112
J.C. Goodgal	877
Granahan Investment	583
Grantham, Mayo, Van Otterloo	77
W.R. Graybill	732
Great Lakes Advisors	381
Great-West Life	80
David J. Greene	311
Greenleaf Capital	562
Greenville Capital	815
Growth Stock Outlook	721
Guardian Asset	618
Gulf Investment	525
Gulfstream Global	643
GW Capital	779
G.T. Capital	343
Hagler, Mastrovita	253
Hahn Holland & Grossman	452
Hallmark Capital	557
Hamilton, Allen	307
Hamilton Management	820
John Hancock Financial	29
Hanover Capital Asset	746
Hanson Investment	244
Harbor Capital	289
Harris Associates	297
Harris Bretall Sullivan	292
Harris Investment	63
Hartford Life	66
Haven Capital	526
Hawaiian Trust	553
Hayek Investment	891
HCM Capital	642
HD Int'l	302
Heartland Capital	403
Heine Management	798
Heitman Advisory	137
Hellman Jordan	204
Henderson Administration	722
Heritage Investors	680
HGK Asset	349
Hibernia Nat'l Bank	236
Hill Samuel/Investment Advisers	363
M.D. Hirsch	567
Hodges Capital	803
Hoisington Investment	217
Holbrook, Keeton	861
Holland Capital	829
Holt-Smith & Renk	895
Horsley Keogh	407
Hotchkis and Wiley	136
Hourglass Capital	671
Howard and McInnes	910
Hutson Management	450
Hyperion Capital	414
IBJ Schroder Bank	558
ICM Asset	787
IDC Portfolio	749
IDS Advisory Group	86
IDS Trust	152
IDS Wealth	776
Income Research	451
Independence Bank/Chicago	*
Independence Investment	92
Independence One	315
Wm. A. Inskeep	818
Institutional Capital	220
Institutional Portfolio	683
Interinvest	719
INVESCO MIM	15
Investment Advisers	72
Investment Advisors/Key Bisc.	900
Investment Counsel	441
Investment Counselors	498
Investment Counselors/Md.	164
Investment Management	733
Investment Research	348
Investors Asset	893
Investors Research	872
Ivory & Sime Int'l	569
Jacobs Levy Equity	352
James Investment Research	444
Jamison, Eaton & Wood	533
Janus Capital	301
JCW Investments	846
Jennison Associates	21
Jenswold, King	548
JMB Institutional	78
JMC Capital	426
Tom Johnson	274
Johnson Investment	385
Jones Lang Wootton	357
Jundt Associates	169
Jurika & Voyles	592
Justin Asset	840
Kahn Brothers	579
Kanawha Capital	724
Kankaku Capital	738
Kanne, Paris & Hoban	758
Karpus Investment	715
Karsten Realty	399
KAS Investment	892
Kayne, Anderson	676
Kemper Asset	153
Kemper Financial	107
Kempner Capital	574
Kennedy Associates	166
Kennedy Capital	636
Kensington Realty	358
Kenwood Group	805
Keystone Investment	438
Luther King Capital	148
Kirr, Marbach	485
Kleinwort Benson Int'l	489
KR Capital Advisors	362
Kunath, Karren, Rinne	712
Lang Asset	810
LaSalle Advisors	192
LaSalle Street Capital	329
Latimer & Buck	359
C.J. Lawrence	754
WR Lazard	203
Lazard Freres	40
R.M. Leary	755
Leavy Investment	402
Lee Capital	896
Legg Mason Capital	565
Lehman Ark	47
Lehndorff & Babson	334
Leland O'Brien	378
Leonard Management	830
Leshner Financial	720
Lexington Management	351
Leylegian Investment	436
Liberty Capital	535
Liberty Nat'l Bank	290
Lieberman	811
Lincoln Capital	30
Lincoln Nat'l Pension	52
Lingo Capital	903
Lipman, Carasso & Young	704
Llama Asset	702
LM Capital	760
Lombard Odier Int'l	330
Longfellow Investment	591
Loomis Sayles	24
Lord, Abbett	198
Lowe, Brockenbrough	133
Lynch & Mayer	185
MacKay-Shields	98
Mackenzie Investment	355
Madison Investment	437
Magten Asset	427
Maguire Investment	770
Manning & Napier	162
Manufacturers Bank	44
Manulife Financial	155
Marathon Asset	657
Marathon-London	667
Marinvest	327
Markston Investment	477
Marlborough Capital	723
Marshall Plan	729
J.D. Martin	672
Martingale Asset	512
Marvin & Palmer	397
Mason Hill Asset	862
Massachusetts Financial	193
Massachusetts Mutual	43
Matuschka	**
McCowan Associates	310
McCullough, Andrews	336
McGlinn Capital	205
McHugh Associates	685
C.S. McKee	242
McMillion Capital	782
McMorgan	64
R. Meeder	389
Mellon Bond	18
Mellon Capital	14
Mellon Equity	121
Mellon/McMahon	345
Mendel Money Management	838
Mercantile-Safe Deposit	161
Merchants Bank	606
Merganser Capital	210
Meridian Investment	208
Meridian Management	573
Merrill Lynch Asset	101
Mesirow	646
Metropolitan Life	4
Metric Institutional	431
MH & Associates	783
Mid Atlantic Realty	656
Midlantic Nat'l Bank	271
MIG Realty Advisors	416
Miller, Anderson	20
MIMLIC Asset	188
Minton Investment	392
Mississippi Valley Advisors	122
Mitchell Capital	781
Mitchell Group	889
Mitchell Hutchins	68
Monetta Financial Services	709
Montag & Caldwell	339
Montgomery Asset	475
Moody, Lynn	882
Moran Asset	523
J.P. Morgan	5
Morgan Grenfell Capital	173
Morgan Grenfell Investment	245
Morgan Stanley Asset	57
Morgan Stanley-Chicago Group	317
Morgen Capital	873
Morley Capital	96
Mt. Auburn	674
Mount Lucas	505
MPT Associates	257
MSR Advisors	751
MTH Asset	637
Muhlenkamp	807
Munder Capital	160
Murray Johnstone Int'l	547
Mutual of America	106
M&I Investment	190
M.S.S. Asset Allocation	*
Narragansett Capital	624
Nat'l Asset	175
Nat'l Bank of Commerce	582
Nat'l City	104
Nat'l Community Bank/N.J.	458
Nat'l Investment Services	94
NationsBank	25
Nationwide Life	83
Nazareth Nat'l Bank	775
NBD Bank	74
Nelson, Benson & Zellmer	478
Nelson Capital	696
Neuberger & Berman	65
Neumeier Investment Counsel	837
New York Life	41
Newbold's Asset	84
Newport Pacific	777
NewSouth Capital	400
NFJ Investment Group	495
Nicholas	482
Nicholas-Applegate	145
Nicholson Group	904
Nikko Capital (USA)	532
NM Capital	613
Nomura Capital	165
Steven A. Noroian	739
North American Capital	879
Northern Trust	9
Northwest Quadrant	786
Norwest Investments	131
Nutter Investment	875
NWQ Investment	225
Oak Hall Capital	635
Oak Ridge Investments	801
Oakwood Counselors	813
Oechsle Int'l	179
OFFITBANK	267
Olympic Capital	282
One Federal Asset	226
Oppenheimer Capital	42
Optima Funds	825
Orleans Capital	695
Oxford Capital	641
O'Connor Group	255
Pacific Financial	233
Pacific Investment	10
Pacific Mutual Life	105
Palley-Needelman	370
PanAgora Asset	62
Pan-American Life	291
Paragon Asset	*
Parametric Portfolio	369
Pareto Partners	408
Parker Dillon Carlson	793
Parmelee Management	717
Patricof	504
Patterson Capital	191
Payden & Rygel	85
PCM Int'l	386
Pell, Rudman	735
Penn Mutual Life	178
Pension Management	856
Pension Portfolio Advisors	*
Peregrine Capital	224
Perkins Capital	708
Philadelphia Investment	659
Philippe Investment	371
Phoenix	130
Phoenix Investment	660
Pictet Int'l	449
Piedmont Capital	752
Pilgrim Baxter Greig	214
Pinnacle Associates	439
Platner	876
PMRealty Advisors	388
PNC Financial	48
Portfolio Group	430
Portfolio Timing	802
Posthorn Global	502
Precision Asset	806
T. Rowe Price	56
Rowe Price-Fleming	120
T. Rowe Price Stable Asset	154
PRIFORM Investment	304
Prime Asset	446
PRIMECAP	209
Primer Schill	*
Princeton Bank	494
Princeton Investment	833
Principal Financial	19
Progress Investment	480
Property Capital	298
Provident Investment	76
Provident Life	75
Prudential Asia	608
Prudential Asset	6
Prudential Diversified	200
Prudential Equity	493
Prudential Fixed Income	39
Prudential Realty Group	114
Prudential Securities	419
Prudential Timber	692
Public Storage	382
Putnam	58
Pyrford Int'l	902
Quaker Capital	821
Qualivest Capital	261
Quantilogic Asset	*
Quest Advisory	366
RAC Advisors	887
Rainier Investment	383
Ramsay Investment	843
Rayner Associates	792
RCB Int'l	*
RCM Capital	31
Realty Income	855
Reams Asset	249
W.H. Reaves	319
Redstone Advisors	530
Reed, Conner, & Birdwell	536
Regan Money Managers	816
Reinoso Asset	686
Reiser-Builder	859
Renaissance Investment	270
Resource Investments	470
Resource Investors	619
Retirement System Investors	428
Rhumbline Advisers	629
Rice, Hall, James	509
Richter Asset	727
Riggs Investment	268
Rightime Econometrics	497
RMI Capital	599
RNC Capital	340
Robertson Stephens	542
Robshaw & Cheskin	705
Rock Capital	718
Rogge Global Partners	375
Rohden Capital	911
Roll and Ross Asset	229
Rorer Asset	728
Rosenberg Institutional	99
Rosenblum Silverman	765
Rothschild Asset	469
Roxbury Capital	499
RPI Institutional Services	870
RREEF	171
Ruane, Cunniff	252
Frank Russell	*
RXR Capital	625
Ryan Labs	228
Sabl Weil	769
Ronald Sadoff	743
SAFECO Asset	350
St. Johns Investment	797
Salem Capital	679
Salomon Brothers	539
Fayez Sarofim	26
Sasco Capital	379
M.D. Sass	223
SBC Portfolio Int'l	474
Schaenen Wood	328
Scheetz, Smith	687
Schroder Capital Int'l	118
Schroder Real Estate	459
Schroder Ventures	585
Schuylkill Capital	849
SCN Capital	448
Walter Scott Int'l	501
Scudder, Stevens & Clark	51
Seaboard Investment	440
Sears Investment	102
Seattle Capital	306
Security Capital	313

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*Manager of managers, not ranked

**Overlay managers, not ranked

Sponsors stand by their GICs

Only 7% would terminate option

SAN FRANCISCO — Despite the recent credit concerns surrounding insurance companies and banks, 93% of respondents to a new Callan Associates Inc. survey have no intention of terminating their GIC/BIC options.

For the 7% that are considering termination, the options they say they would consider for replacement include global money market funds, synthetic guaranteed investment contracts and Treasury funds.

The Callan survey also found employee-directed 401(k) plans remain the dominant type of defined contribution plan.

Defined contribution plans were offered by all 185 plan sponsor respondents, but none matched the popularity of the 401(k), offered by 84%. Coming in second were thrift plans, offered by 27.3%, followed closely by profit-sharing plans, offered by 26.7% of the respondents.

Not surprisingly, guaranteed investment contracts comprised the most popular investment option. Seventy-five percent of the respondents offer a GIC option to their employees.

Only two other investment options are offered by at least half of the respondents: conservative equity, offered by 62%, and company stock, offered by 50%. Money market funds are offered by 46% of the respondents.

Three-quarters of the sponsors responding offer a matching contribution, with the median being 50 cents per employee dollar. Most employers match up to 6% of total compensation.

At 49% of the plans, the investment option for that matched contribution is selected by the employer. For employer-directed contributions, 36% put the money in company stock.

Seventy-three percent of the plans responding use more than one organization to handle administrative services.

Employee communications is the only service primarily done internally, with 81% of the employers taking on that job. Trust/custodial services and investment management services were the most frequently contracted outside, at 85% each.

The median administrative expense was $431,750, with plan administration accounting for most of that, $221,500.

Plan administrative cost is a significant percentage of total costs for all size plans, but particularly for the very large ones (by number of participants). Total administrative costs seem to be higher for corporate plans as compared to public funds. And while the costs increase as the number of participants increase for the most part, the cost of plan administration seems to be increasing at a dramatically higher rate than the other expenses. The cost for investment management, however, stabilizes and even declines as the number of participants grows.

Almost all of the respondents, 93%, allow employees to direct investments. The average number of investment options offered is six, the median is four. Public plans, on average, offer more options.

About one-half of the respondents allow switching among plan options four times a year; 30% allow more frequent switches. Thirty-five percent allow switches anytime; 28% allow them at quarter end; 25% at month end.

The survey found higher costs are not associated with more frequent switching among options. In fact, administrative and trust costs stabilize and decrease at four or more switches a year.

Fifty-seven percent of the respondents do not have any restrictions on switching among options. Typical restrictions applied, however, include GIC transfers at maturity only, no switching between GICs and fixed income, and no GIC/money market transfers.

The survey, done in the fourth quarter of 1991, was sent to 962 plan sponsor organizations, of which 185 responded. Seventy-nine percent were corporate plans, 14% were public plans and 3% were Taft-Hartley plans. ■

Alphabetical list of firms and their tax-exempt rankings

Firm	Rank
Seidner	546
Selected Asset	443
J&W Seligman	150
Sentinel Asset	867
Sentinel Real Estate	277
SGI Asset	628
Shawmut Nat'l	174
Shearson Asset	170
Shearson Equity	473
Shearson Lehman Advisors	312
Sheffield Investment	822
Shields Asset	109
Shinnecock Partners	865
Shurgard Realty	658
Simpson Capital	835
Sirach Capital	189
Sit Investment	158
Sit/Kim Int'l	675
Donald Smith	341
Herbert R. Smith	684
Smith Affiliated Capital	394
Smith Barney Capital	143
Smith, Graham	638
Smoot, Miller	283
Snyder Capital	682
Societe Generale	831
Society	183
Solon Asset	771
Sound Shore	390
S. California Ventures	767
Sovran Capital	127
Spare, Tengler, Kaplan	406
Spears Benzak Salomon	309
Spectrum Advisory	759
Sprout Group	571
Standard Chartered Equitor	465
Standish, Ayer & Wood	79
Star Bank	481
Starbuck, Tisdale	644
State Mutual Life	123
State Street Bank	3
State Street Research	49
Statistical Sciences	527
Steele	794
Steere Investment	907
Stein Roe & Farnham	90
Stephenson	701
Sterling Capital	413
Strategic Commodity	*
Strategic Investment	790
Stratton Capital	839
Stratton Management	510
Sturdivant	673
Stuyvesant Capital	617
STW Fixed Income	108
Sullivan, Morrissey & Mickle	691
Sullivan Money Management	654
Sumitomo Bank/Calif.	711
Summit Advisors	847
Summit Investment	757
SunBank Capital	55
Swanson Capital	607
Swarthmore Group	762
K.S. Sweet	832
Systematic Financial	551
Tanaka Capital	784
Taplin, Canida & Habacht	521
Target Investors	529
Tealwood Asset	897
Team Bank Trust	207
TEL Advisors/Va.	908
Tempest, Isenhart, Chafee	522
Templeton Int'l	186
Texas Commerce	182
Thompson, Siegel & Walmsley	202
Thompson/Rubinstein	589
Tiffany Capital	631
Todd Investment	260
Tokai Trust/N.Y.	857
Torch Energy Advisors	537
Towneley Capital	508
Transamerica Investment	69
Trascott, Alyson, Craig	850
Travelers	27
Trendstat Capital	852
Trevor Stewart	457
Trinity Investment	230
Trusco Capital	110
Trust Co./West	22
Trust Fund Advisors	*
TSA Capital	421
Turner Investment	492
Twentieth Century	871
Twin Capital	488
UBS Asset	73
UBS Phillips & Drew	844
Union Capital Advisors	237
Union Capital Management	808
Union Investors	845
Union Labor Life	269
United Capital	147
United Jersey Bank	346
United Missouri Investment	134
Unity Management	380
E. Scott Urdang	726
U.S. Nat'l Bank/Galveston	515
U.S. Trust Asset/Boston	272
U.S. Trust	142
Valenzuela Capital	595
Valley Capital	264
Value Quest	460
Van Deventer & Hoch	576
Van Eck Associates	544
Van Kampen Merritt	464
Vanguard Group	61
Vaughan, Nelson	335
Venture Capital/New England	804
Vilas Fischer Associates	609
Virginia Investment	531
Vontobel USA	690
Voyageur Asset	453
Vydex Management	817
Wachovia	88
Waddell & Reed	243
Wall Street	367
Walnut Asset Mgmt.	700
Warburg, Pincus Counsellors	218
Warburg Investment	196
Wardley Investment	614
David E. Ware	858
Washington Capital	393
Washington Square	250
Wedge Capital	259
Wedgewood Capital	734
Weiss, Peck & Greer	100
Wellington Management	35
Wells Fargo Nikko	2
Wells Fargo Realty	374
Welsh Money Management	853
Wentworth, Hauser	231
Wertheim Schroder	285
Western Asset	132
Western Capital	560
Westfield Capital	598
Westpeak Investment	622
WFG Investment	827
Widmann, Siff	596
Willoughby, Holin	601
Wilmington Capital	331
Wilmington Trust	279
Wilshire Asset	129
Wilson Foster	666
Windham Capital	556
Winrich Capital	615
Wm. D. Witter	578
Wolf, Webb, Burk	232
Denis Wong	627
Wood, Struthers	490
Wood Island	434
World Invest	177
Wright Investors	168
Yamaichi Int'l	524
Yarmouth Group	139
Yeager, Wood	467
Zevenbergen Capital	597

*Manager of managers, not ranked

**Overlay managers, not ranked

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Managers report first-quarter performance

Although most markets weren't kind to money managers during the first quarter, some money managers turned in respectable showings.

For the quarter and one-, five- and 10-year periods ended March 31, the Standard & Poor's 500 Stock Index returned -2.5%, 11%, 10.4% and 18.2%, respectively. (Figures for periods longer than one year are annualized.)

During the same periods, the Russell 2000 Index returned 7.7%, 21.2%, 6.2% and 14.4%; the Morgan Stanley Capital International Europe Australia Far East Index returned -11.8%, -7.7%, 1.89% and 18.44%.

The following performance figures came from managers' reports crossing the desks at *Pensions & Investments*.

• **Aronson + Fogler**, Philadelphia, reports its mixed-capitalization portfolio skated past the S&P 500 in the quarter, year and five-year periods ended March 31. The firm reports returns of 1.7%, 16.8% and an annualized 11.1% for the respective periods. All figures are net of fees.

The large-cap performance also stands up against the Russell Price-Driven Index and Aronson + Fogler's custom benchmark. For the quarter, year and five years, the Price-Driven Index returned 1.1%, 11.4% and 9%. The custom benchmark returned 2.8%, 15.8% and 8.4% respectively. (The custom benchmark is based on The Frank Russell Co.'s style indexes. This benchmark is a quarterly mix of 45% of the Price-Driven Index, 40% of the 2000, and 15% of the Earnings Growth Index.)

The firm's small-capitalization portfolio didn't fare as well in the quarter, returning 4%, lagging both the Russell 2000 and the Russell 2500, which returned 4.35%. For the longer term, however, it topped both indexes. For the year, the small-cap portfolio returned 25.3%, and for the five years, 11.2%. The Russell 2500 returned 22% and 8.3% during the respective periods.

(Aronson + Fogler's small-cap returns are simulated until the fourth quarter of 1991, assuming buy-and-hold quarterly returns, based on actual holdings.)

• **Atlantic Investment Advisors Inc.**, Boston, reports its balanced portfolio was up 1.6% in the quarter, vs. the benchmark return of -1.8%. The benchmark reflects 60% of the S&P 500 and 40% of the Lehman Brothers Intermediate Government/Corporate Bond Index.

The equity portion of the portfolio returned 7.5%. The firm boosted equities during the quarter, to 45% from 34% of the portfolio.

• The first-quarter performance of **Gulfstream Global Investors Ltd.**, Dallas, easily topped the return of the EAFE. Gulfstream reports a three-month return of -1.7%. The firm trounced the index for the year with a 12.3% return, and also did well for the 10 years, with an annualized return of 21.3%.

The firm's major holdings included **Mr. Max**; **SECOM Co. Ltd.**; **Northern Foods PLC**; **Bombardier Inc.**; **Australia Gas Light Co.**; **Bongrain S.A.**; **SAP-Systeme Anwendung Produkte AG**; and **Weru Fenster & Turen**.

Its country allocations, and those of the EAFE, were: Japan, 21% for Gulfstream vs. 43% for the EAFE; the United Kingdom, 14% vs. 19%; Germany, 9%, 7%; Other Europe, 22%, 24%; Other Pacific, 17%, 7%; and Latin America, 13%, 0%. The firm had 4% cash.

• The balanced fund composite of **Lexington Management Corp.**, New York, slipped past the S&P 500 and the Lehman Brothers Government/Corporate Intermediate Bond Index, which returned -0.9% and 10.8% for the quarter and year respectively. The balanced composite returned -0.4% for the quarter.

The equity fund composite also passed up the S&P, returning 0.9% for the quarter and 13.8% for the year.

The fixed-income fund composite, however, lagged the Lehman index, returning -1.8% and 10.4% respectively.

Lexington's returns are equal weighted, gross fees.

• **Lynch & Mayer Inc.**, New York, reports its large-capitalization equity composite lagged the S&P 500 during the quarter, returning -3.9%. The composite reflects an unweighted average return of all discretionary, tax-exempt, large-cap institutional portfolios of more than $5 million. The figures are net of fees.

For longer periods, however, the composite handily topped the index, returning 21.6% for the year and an annualized 15.6% for the five years ended March 31.

Lynch & Mayer's convertible composite — reflecting an unweighted average return of convertible securities portfolios of more than $5 million — returned 3.7% in the quarter, compared with 4.6% for the First Boston Index and -1.5% for the Shearson Corporate Bond Index. For the 12 months, the convertible composite returned 25.9%, vs. 19% and 11.4% for the respective indexes, while for the five years, it returned an annualized 17.3% vs. 10.9% and 10.1%.

At the end of the quarter, Lynch & Mayer's typical institutional portfolio held 34 stocks. The largest holdings were: **Telefonos de Mexico S.A.**; **Federal National Mortgage Association**; **Pfizer Inc.**; **Microsoft Corp.**; **Sears, Roebuck and Co.**; **Coca-Cola Co.**; **Johnson & Johnson**; **General Electric Co.**; **Kellogg Co.**; and **Novell Inc.**

• Three funds of **Warburg, Pincus Counsellors Inc.**, New York, had mixed results during the quarter.

The Capital Appreciation Fund returned -3.34% for the three months, lagging the S&P. Among its largest holdings were **Tambrands Inc.**; **Great Lakes Chemical Corp.**; **CBI Industries Inc.**; **Pfizer Inc.**; **Merck & Co. Inc.**; **Premier Industrial Corp.**; **Costco Wholesale Corp.**; **Flight Safety International Inc.**; and **Valley National Corp.**

The Emerging Growth Fund also lagged its index in the quarter, returning 0.74% vs. the Russell 2000. Its holdings included **Arkansas Freightways Corp.**; **Teva Pharmaceutical Industries Ltd.**; **VeriFone Inc.**; **AMSCO International**; **Arbor Drugs Inc.**; **Luxottica Group S.p.A**; **First Security Corp. Delaware**; and **Columbia Hospital Corp**.

Warburg, Pincus' International Equity Fund outperformed the EAFE with ease during the quarter, returning -1.68%. That fund's largest holdings included **Thai Military Bank**; **Astra**; **Progressive Enterprises**; **STET**; **Deutsche Bank AG**; **Norsk Hydro A/S**; and **Lion Nathan Ltd.** ▪

Growth

Continued from page 1

turns. The opportunities for active equity management are much better abroad."

Mr. Nesbitt said there is a growing interest in emerging markets and that in particular, "South America is heating up in three markets: Argentina, Chile and Brazil. Colombia may also be of selective interest."

International fixed-income products also are gaining in popularity, largely because of the higher interest rates available abroad.

"Fixed-income is attractive in overseas markets," Mr. Nesbitt said. "We've seen over the last 18 months a real pickup in international fixed-income. Not huge, but much bigger than expected."

He said the increase in international bond interest has extended across all markets, but that Japan and Germany are the lead markets because "interest rates have not been this high in these countries in contemporary history."

The EAFE gained 12.5% last year. The J.P. Morgan Non-U.S. Government Bond Index gained 15.9% in 1991.

The increase in 401(k) and 457 plan assets supports the general trend of employers toward defined contribution plans and away from defined benefit plans.

"The strong increase in 401(k) assets is in part due to better reporting by managers, but cash flow continues to be positive. Corporations and their participants find 401(k) plans an attractive way to manage retirement assets," said Greenwich Associates' Mr. McNickle.

Defined benefit plans only show asset growth because of investment returns, he said. "Cash flow remains negative for the corporate market and flat for the public fund market, which has been positive in the past," he added.

Noting reduced public funding levels at many states, Mr. McNickle said, "cash flow funding levels for public funds are not a cause for concern now, but it is not a healthy practice to continue into the future."

The negative cash flow to defined benefit plans was demonstrated in *P&I*'s survey of the nation's largest pension funds (*P&I*, Jan. 20). In 1991, contributions to the defined benefit plans of the Top 200 pension sponsors was $29.6 billion and benefits paid were $49.9 billion. In 1990, contributions were $31.1 billion and benefit pay-outs were $44 billion.

Despite the growth in 401(k) assets, guaranteed investment contracts continued to decline as a part of the managers' portfolios. Assets managed in GICs were down 23.6%, to $150.4 billion from $196.8 billion.

Glenn Davis, partner, Eager & Associates, Louisville, Ky., said his firm recently conducted a survey of fund sponsor intentions and "a substantial proportion indicated they intend to decrease their GIC commitments. We got some valuable information about where they intend to redirect their GIC assets — into low-volume, high-quality fixed-income alternatives, with short to intermediate maturity. We have seen an immediate change in allocations and one that is likely to continue into the future."

Among the 500 largest managers, independent investment counselors saw their market share surge to 48% from 36% last year. Insurance companies and their subsidiaries lost five percentage points of market share, dropping to 25%. Bank and trust companies and their subsidiaries dropped seven percentage points to 27%.

For the top 100 managers, banks and insurers each lost eight percentage points of market share, dropping to 29% each. Investment counselors profited from the shift, rising to 42% from 26%.

Ms. Dickinson of A. Foster Higgins explained part of the shift in market share by stating, "We are coming out of a period when the average manager underperformed the S&P 500 for the last eight years and then last year, the average manager at last exceeded the market."

Ms. Dickinson also noted "mutual fund companies have gained market share at the expense of banks and insurers, partly in reaction to adverse financial industry conditions. The mutual fund vendors are aggressively seeking business in the defined contribution market. It has become a turnkey business for them."

Low interest rates also have hurt banks and insurance companies, Ms. Dickinson noted, as investors looked around for better rates of return, especially in mortgage-backed securities.

Mr. Davis of Eager Associates said pension funds are continuing to consolidate their manager ranks. "They are looking for managers that can provide a variety of resources to fill multiple investment roles," said Mr. Davis. These firms tend to be larger managers and he added, "At this point in the evolution of the industry, many of the 'smaller' investment counselors have become very large and established. The trend to larger firms with multiple capabilities no longer necessitates a move to banks and insurers."

According to this year's survey, the independent managers held the largest proportion of stocks (53%) in a year when the S&P 500 returned 30.5%. Banks held 44% in stocks and insurers, 42%.

Assets invested in equity real estate fell a market-adjusted 12%, to $87.6 billion from $105.3 billion, reflecting generally poor real estate returns (*P&I*, Feb. 17). The Russell-NCREIF Property Index return was -5.4%.

Mortgage investments overall dropped 6%, to $95.9 billion from $102 billion.

Among other survey data:

• The total number of portfolio managers employed dropped 0.26% to 7,241 from 7,260. The number of securities analysts dropped 2.1%, to 5,418 from 5,533.

(The drop in the number of portfolio managers could be attributed to the fewer firms profiled in this year's directory.)

• The use of derivatives among managers rose slightly this year. The use of options remained flat, but fixed-income futures use was up, with 114 managers reporting they use the futures compared with 107 in last year's survey. Stock index futures were used by 116 managers this year, compared with 104 in the previous survey. ▪

Pensions & Investments will publish a report on the fifth anniversary of Black Monday Sept. 28.

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*Indicated returns are for Rockefeller Treasury Services, Inc. technical signals from 1/2/91 to 12/31/91. Past performance is no guarantee of future results.

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Pension funds to help riot-torn Los Angeles

Investment returns won't be sacrificed

By Steve Hemmerick

LOS ANGELES — California pension funds expect to use their financial clout to assist in the reconstruction of strife-ridden South-Central Los Angeles.

In an apparently unprecedented move, public pension funds officials — which oversee more than $100 billion in combined assets — are being asked by political leaders to investigate how they can help Los Angeles without sacrificing investment returns.

Among recent developments:

- California State Treasurer Kathleen Brown wants a "summit meeting" of state, county and city pension funds, and is considering inviting corporate and union pension funds. She also suggests pension funds purchase general obligation bonds, which would be issued by the state, with the proceeds going to the Los Angeles area.
- The staff of the $14 billion Los Angeles County Employees Retirement Association is contemplating working with a major retailer — sources say Wal-Mart, although fund officials wouldn't say — to build one store in and one store near the South-Central Los Angeles area.
- The $37 billion California State Teachers' Retirement System might provide some sort of credit enhancement, such as a letter of credit, to mitigate the perceived riskiness of investment vehicles targeting strife-torn, economically depressed parts of the city.
- Separately, two trusts sponsored by the AFL-CIO, Washington, have conditionally committed up to $75 million toward rebuilding businesses and affordable housing in riot-ravaged areas in Los Angeles.

"The staff is just trying to think of good ideas, and is talking to our advisers, talking to our consultants" about helping riot-stricken areas, said DeWitt Bowman, chief investment officer for the $68 billion California Public Employees' Retirement System.

Pension funds ordinarily don't act on individual, non-financial events or catastrophes. Indeed, Jennifer Openshaw, media coordinator for the state treasurer, has described Ms. Brown's request for a summit meeting as unique.

See **Funds** on page 39

AP/WIDE WORLD PHOTOS

Investments by California pension funds would help South-Central Los Angeles rebuild following the riots.

AT DEADLINE

Sandia revamps equities

The $1.5 billion pension fund of Sandia National Laboratories has revamped its $870 million domestic equity portfolio.

Active managers hired were: Aronson + Fogler; Cash Flow Investors; Geewax, Terker; Jacobs Levy; Sasco Capital; and Steinberg Asset.

Wells Fargo Nikko was named an equity indexer.

The only firm retained was Dimensional Fund Advisors.

Four managers were terminated: Alliance Capital, Capital Guardian Trust, Delaware Investment Advisers and Fidelity Management Trust.

Allocations weren't revealed. Frank Russell was consultant.

Higgins replaces Bransford

Catherine Higgins has been named national practice leader for asset consulting at Towers Perrin, replacing Roger Bransford.

Mr. Bransford left in March to become president of money manager Stein Roe & Farnham.

Ms. Higgins has been the firm's New York regional practice leader for three years, and previously was president of Buck Pension Fund Services.

Fund awarded surplus

The $400 million Financial

Continued on page 35

3 ESOPs are facing federal scrutiny

J.C. Penney is under fire from the IRS for anti-takeover provisions in two benefit plans.

By Joel Chernoff

WASHINGTON — The Department of Labor is threatening to sue NationsBank for its actions as trustee of Polaroid Corp.'s ESOP during a hostile takeover bid.

If the Labor Department brings suit and wins, "it would discourage a lot of public companies from setting up ESOPs," said Corey Rosen, executive director of the National Center for Employee Ownership, Oakland, Calif.

Sources say the Labor Department warned NationsBank, Charlotte, N.C., in March that it intended to bring suit against the bank for blindly following the provisions of Cambridge, Mass.-based Polaroid's employee stock ownership plan during a 1989 takeover attempt by Shamrock Holdings Inc.

Meanwhile, ESOPs at two other companies are undergoing government scrutiny:

- Anti-takeover provisions in two J.C. Penney Inc. plans are drawing fire from the Internal Revenue Service and the Labor Department. Some pension experts warned the IRS might be increasing its role on ruling on fiduciary provisions in plan documents, an area traditionally the domain of the Labor Department. But an IRS official denied any turf issue is involved.
- The IRS is contending an unnamed Illinois company should have considered the effect of debt acquired in financing a new leveraged ESOP in valuing the price the plan pays for the stock. If the IRS sues and wins, the case could threaten the viability of leveraged ESOPs in privately held companies, experts said.

Polaroid is expected to become a major test case of Labor Department positions concerning the duties of the ESOP trustee.

In the face of a takeover bid of $45 per share from Shamrock, the investment vehicle for Roy E. Disney, Polaroid took several steps: it expanded a previously planned ESOP to 14% of company stock from 5%; it sold $300 million in convertible preferred shares to Lazard Freres' Corporate Partners fund; and it announced a $1.1 billion buyback, at $50 per share.

Shamrock challenged the creation of the Polaroid ESOP, but lost in Delaware Chancery Court on Jan. 30, 1989. But its $45-per-share offer, and the threat of a proxy fight if the bid proved unsuccessful, remained on the table.

On Feb. 23, the Labor Depart-

See **ESOPs** on page 38

Mexico ends foreign-fund tax

Withholding levy proved an obstacle

By Anne Schwimmer

MEXICO CITY — President Carlos Salinas de Gortari has decreed that foreign pension funds investing in bonds and convertible securities issued by Mexican corporations no longer are subject to a withholding tax.

The Mexican government hopes eliminating the tax will boost foreign pension investing in Mexican bonds.

The withholding tax had applied to all interest payments made to lenders outside Mexico by Mexican companies. (Mexican corporations typically issue debt into both the U.S. and European markets, often in the local currency.)

The withholding tax was 15% for a registered financial institution and 35% for everyone else. The bonds were priced at a higher rate to take into account the impact of the tax. The new decree makes it cheaper for a Mexican company to borrow from a tax-exempt foreign pension fund than from other foreign lenders.

Indeed, Mexican issuers might prove willing to pay out higher interest rates to tax-exempt investors, provided they still are saving some money by avoiding the tax.

"Pension funds will be in a privileged position," said Emilio Romano, a representative of the Mexican Ministry of Finance in Washington. "They would be in a better position to get a higher return on their loans," he said. "We really expect that this will encourage pension fund investing in Mexico."

In order to qualify for the exemption, the pension funds have to be tax-exempt in their home country and have to register with the Mexican Ministry of Finance.

The decree also might apply to

See **Mexico** on page 39

AP/WIDE WORLD PHOTOS

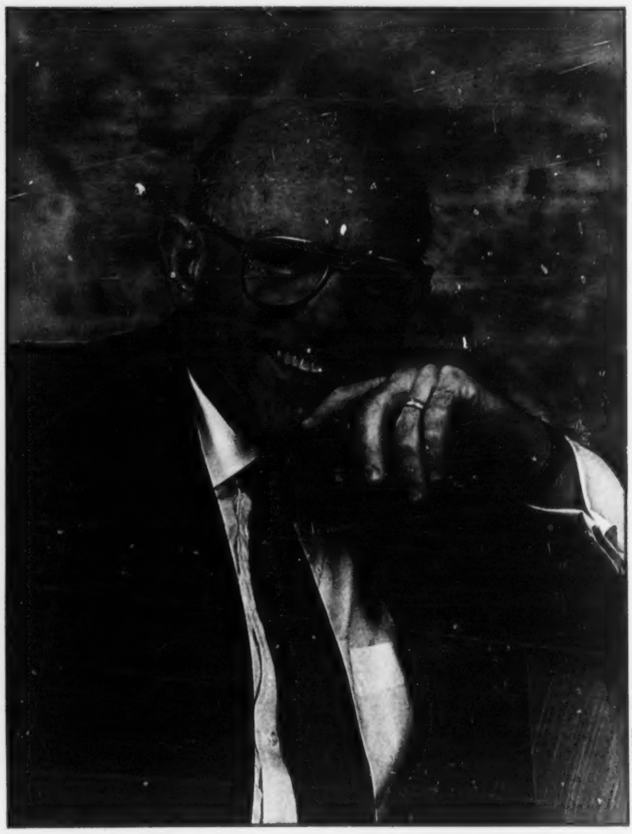
President Carlos Salinas de Gotari has removed a tax on Mexican debt issues.

INSIDE

U.K. funds stymied

Attempts to encourage equalization of Britain's national insurance program suffered a setback after a European Court official issued an opinion agreeing with current pension eligibility requirements. Page 2.

NEWS DIGEST


LINDA SUE SCOTT

In his monthly column, Graef Crystal examines the use of corporate-owned life insurance to grant senior executives an excessive rate of return on deferred compensation. Page 14.

Two public fund officials leave their positions to head up new offices for different investment management organizations. Page 4.

Harris Bankcorp. may sell a stake in its Harris Investment Management to employees as a way to attract and retain key staff members. Page 6.

SPECIAL REPORT: PIPER

Growth managers ride the strong performance of small-capitalization stocks to the top of the equity universe for the year ended March 31. Page 17.

Timber funds finish among the leaders of real estate portfolios for the third consecutive quarter. Page 18.

INTERNATIONAL

President Carlos Salinas de Gortari removes the tax on the bonds and convertibles of Mexican issuers in an attempt to attract foreign pension fund investors. Page 1.

The Advocate General's opinion on pension equalization laws leaves U.K. companies bewildered. Page 2.

REAL ESTATE

Fund F investors expressed their frustration at a hastily called meeting by the First National Bank of Chicago over how to handle the property investments. Page 2.

Olympia & York's filing for bankruptcy law protection may snuff out a renewed interest in real estate among pension investors. Page 37.

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New rules stress disclosure

Higher 401(k) costs could increase mutual fund use

By Hillary Durgin

WASHINGTON — The SEC's proposed overhaul of the 1940 Investment Company Act could increase costs for 401(k) plans investing in bank and insurance company pooled funds and drive them to greater use of mutual funds.

Requiring bank collective funds and insurance company separate accounts to register under federal securities laws and issue prospectuses for the first time ultimately could reduce yields for participants, banking and insurance industry sources say.

Meanwhile, the Labor Department's final regulation affecting 401(k) and other individual account plans will eliminate previously proposed regulatory burdens on plans that have company stock investment options.

The Labor Department's 404(c) regulation, which is expected to be released in June and still awaits review from the Office of Management and Budget, would eliminate a requirement that an independent fiduciary monitor the employer stock option. Such a fiduciary still could be necessary in certain tender offer and proxy instances.

But the rule would add new disclosure requirements for defined contribution plans.

The proposals by the Securities and Exchange Commission and the Department of Labor's upcoming regulations are the two most important pieces of guidance affecting the burgeoning defined contribution market.

The focus on disclosure by both agencies underscores the importance of participant-driven investment decisions, as defined contribution plans have overtaken defined benefit plans as the fastest growing pool of retirement assets.

"For many pension plan participants, choosing where to invest . . . will be the most important investment decision they will ever make. Participants need to be furnished complete information about their investment options," said the SEC's report detailing the proposed reform of the investment company act.

While many of the SEC's proposals would require congressional action, the Labor Department's 404(c) regulations likely would take effect the second plan year after final issuance.

Among the SEC's recommendations to reform the Investment Company Act, bank collective funds and insurance company separate accounts in which defined contribution plans invest would have to register their shares under the Securities Act of 1933; in addition, federal securities laws would be amended to require participants to receive prospectuses and annual reports for the funds.

Also, an exemption from the 1940 Investment Company Act would be granted for certain funds — such as venture capital funds — in which sophisticated investors invest. (The sophisticated investor designation would be determined by the SEC and based on such factors as financial sophistication or net worth.)

Asset-backed securities also would be exempt, provided they meet other criteria.

In addition, limits on performance-based management fees would be loosened under the 1940 Investment Advisors Act to make it easier for U.S. money managers to compete overseas and to negotiate performance-based fees with

See **Regs** *on page 35*

Ruling stymies U.K. sponsors

Push to equalize benefits slowed

By Curtis Vosti

LONDON — U.K. companies seeking to address pension equalization are finding themselves in a quandary following an opinion from an official of the European Court of Justice.

The advisory opinion, issued May 12, says U.K. laws providing unequal treatment of men and women in the national pension insurance program do not conflict with the European Community laws.

The ruling is expected to slow the inertia of the U.K. government in its July 1991 stated intent to equalize benefits in the national insurance program. In turn, that makes companies hesitant to implement an equalization age that might be different from one the government implements later, because the private pension schemes are intertwined with the government's plans.

"If they equalize the state pension schemes, the state would have to choose an equalization age, and there are so many scenarios we would face," said Adrian Furnell, pension specialist for the 1.6 billion pound ($2.9 billion) fund of IBM Corp. (U.K.), Portsmouth. "Right now, we're sitting back and waiting. If we were to jump one way or other at the moment, we could be wrong."

The Advocate General's opinion, which is not binding but is expected to influence heavily the full court, means U.K. companies that participate in the national insurance program have two sets of guidelines to contend with as they move toward pension equalization.

Two years ago, the court, in its Barber decision, mandated that private pension schemes equalize pension qualifications for men and women. But this month's opinion seems to let stand the U.K.'s national insurance scheme practice of having men contribute until age 65 for the same national pension benefit women receive for making contributions until age 60. The program also requires men to contribute for at least 44 years; women must contribute for at least 39 years.

National standards to qualify for government pension benefits are age 60 for women and age 65 for men. But after age 60, women are not required to make further contributions to the program, while working men between 60 and 64 must continue to contrib-

See **Opinion** *on page 36*

Impasse still plagues Fund F

REAL ESTATE

By Lisa Schultz

CHICAGO — Investors in First National Bank of Chicago's troubled Fund F turned away from a bank plea to agree on the disposition of their deteriorating real estate investments.

Frustration was evident at a May 21 emergency meeting, called by First Chicago in hopes of avoiding a public hearing in July on the U.S. Comptroller of the Currency's plans to take away from the bank administration of the $478 million fund.

Investors met with bank officials in Chicago a week after the comptroller, the administrator of national banking practices, called for the public hearing to determine whether a cease-and-desist order should be issued against the bank.

The notice of public hearing followed a Feb. 14 decision by the 7th U.S. Circuit Court of Appeals in Chicago that upheld the comptroller's position on withdrawal requests from the fund. The bank had filed suit in U.S. District Court in Chicago contesting the position that withdrawal requests must be honored within one year. The appeals court also rejected the bank's proposal to distribute whole properties in lieu of cash, saying the bank had to choose between selling the properties or giving the investors fractional interests in each of the properties.

At the May 21 meeting with investors, bank officials tried to get the investors to come to an agreement on fractional interests. "Either we will have to distribute fractional interests evenly or we will have to distribute fractional interests unevenly," a bank official said. Later, he reiterated there were more requests for cash withdrawals than cash available to meet them.

Bank officials had argued in court it would be imprudent if the fund were forced to liquidate properties in a depressed real estate market, and that such a sale would prompt additional withdrawal requests, leading to a "fire sale" of the 60 properties in the

See **Meeting** *on page 34*

INTERNATIONAL

New Jersey fund gives international equities a whirl

■ The New Jersey Division of Investment, Trenton, just made its first purchase of international equities after a year of screening international companies for ties to South Africa, said Roland Machold, director.

Mr. Machold did not reveal the size of the investment in a major Spanish bank, **Banco Santander**. He said the bank "just happened to be the first security we purchased on our approved list of international equities." He added the list of about 150 companies is diverse and does not necessarily contain "the best-known companies. It has a lot of local retailers, and every brewery in Europe."

The $31 billion, internally managed fund received approval for international investment in June 1990 and made its first non-U.S. fixed-income investments in November of that year.

With regard to the expected pace of additional international investments, he said: "If the markets go up, we'll go faster. If they don't, we'll continue a moderate rate of investments."

Under state law, the fund cannot invest in companies with significant South African ties. Mr. Machold said the South Africa restriction meant "we lost a lot of market access," but added fund executives are satisfied the approved universe will meet "long-term investment objectives."

While Japanese companies are on the approved list, the fund will not do business with Japanese brokers until the Japanese government "institutes significant market reforms," he said. Citing numerous securities scandals during the past year, Mr. Machold said "the Japanese government has done nothing to help and protect investors."

— *Christine Philip*

New Jersey's Roland Machold said the approved list has "every brewery in Europe."

INVESTING

Small-cap, foreign stocks on menu

■ Pension funds intend to invest more in small-cap stocks and international equities, according to a recent Greenwich Associates' survey titled "Strengthening Relationships, Improving Performance."

"One particularly encouraging aspect of pension funds' attitudes toward asset allocation . . . is their growing emphasis on diversification," the report said.

In 1991, 54% of the funds surveyed by Greenwich said they now invest in small-cap stocks, compared with 48% in 1990. In both 1991 and 1990, 6% said they planned to start investing in small-cap stocks.

In 1991, 44% of the pension executives surveyed said they now invest in international equities, while 38% said they did so in 1990 and 37% said they did in 1989. Meanwhile, 13% of those surveyed in 1991 said they intend to start investing in international equities, compared with 14% in 1990 and 10% in 1989.

"The shift by pension funds into international securities is, in fact, one of the most noteworthy results of our research in both of the past two years," the report said.

Interest in international bond investing is recovering from a sharp dip in 1990, when only 15% of said they allocated capital to that asset class, compared with 35% in 1989, according to the report. In 1991, the percentage of pension investors in international bonds grew somewhat, however, with 17% of those surveyed saying they invested in that area.

— *Anne Schwimmer*

REAL ESTATE

Shift needed to spur new lending

■ Real estate lending will begin again only when commercial banks and insurance companies mark to market existing loans, contends William B. Brueggeman, consulting director of real estate research with Goldman, Sachs & Co., New York.

The next two years will present such an opportunity as $340 billion of construction-miniperms — loans typically five years in length used to replace construction financing — and bullet loans are scheduled to roll over, according to Mr. Brueggeman. Of that amount, "$185 billion in commercial mortgage loans must be repriced before normal capital flows return to this market," he said.

"Lenders would do well to strategically position themselves now for this market correction," he said.

In a report — "The Impending Correction in the Commercial Real Estate Mortgage Market-Its Magnitude and Timing" — Mr. Brueggeman outlined how the repricing can occur.

"It can be done unilaterally by lenders, or in conjunction with workouts, loan sales, loan swaps, through mortgage securitization, or by foreclosure and subsequent and other real estate owned," he said.

— *Terry Williams*

ECONOMY

Economist trumpets U.S. optimism

■ U.S. demand growth likely will be stronger during the next several years than many analysts expect, predicts Richard B. Hoey, chief economist of The Dreyfus Corp., New York.

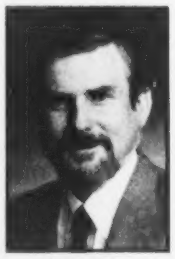
Mr. Hoey explained his optimism in the first issue of "Dreyfus Investment Debate," a newsletter.

"We see clear signs that the credit crunch is beginning to ease," Mr. Hoey said. As proof, he cites a narrowed spread between Eurodollar and Treasury bill yields and between junk bond and Treasury bond yields, a rally in bank stocks, an active new issue calendar in the stock market and an acceleration in money supply growth.

He pays particular attention to "the emergence of a virtuous cycle of equity deleverage." He said: "Cheaper capital is being supplied to the economy via stock offerings, rather than primarily bank lending."

Mr. Hoey also said:

- The cyclical low in short-term interest rates should occur in the first half of 1992, and should move up later this year.
- Long-term interest rates should fluctuate around a neutral trend for the next year.
- The stock market probably will remain strong this year, although he notes both the bulls and bears "may be half right in the next few months. The valuation concerns identified by the bears may mute the cyclically favorable factors cited by the bulls."



R.B. Hoey

— *Nancy K. Webman*

CFAs

Pension execs cram for exams

■ Seventy-seven corporate pension executives and 427 other corporate financial officers are among the almost 13,000 candidates who will take the Chartered Financial Analyst examinations June 6 in 125 centers worldwide.

To win the CFA designation, candidates must pass three rigorous exams.

This year 6,798 candidates will be sitting for the level one exam, 4,034 will sit for the level two exam and 2,093 will take level three exams.

On average, 40% fail the level one exam the first year.

Portfolio managers comprise the largest group taking the exams, at 2,210. Following portfolio managers are 1,689 security analysts, 857 credit analysts, 595 investment consultants and 543 attorneys.

According to the Association for Investment Management Research, almost 15,000 individuals, from 38 countries are enrolled in the CFA program.

— *Michael J. Clowes*

INSURERS

Group launches benefits division

■ Promoting the theory of one-stop shopping, Royal Maccabees Life Insurance Co., Southfield, Mich., has integrated its Royal Investment Advisory Group with the firm's group pension and group life units to form an employee benefits division.

Through its subsidiaries, the division will offer fund management, trade executions, actuarial, consulting and administrative services. Donald I. Gregg, president of the Royal Investment Advisory Group, was appointed to oversee the division as senior vice president.

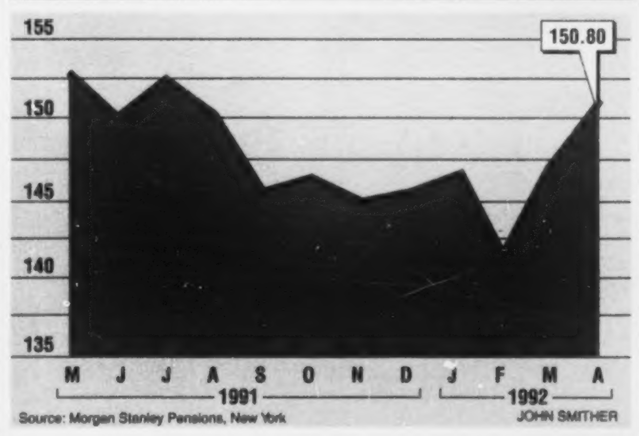
The new division "will take advantage of economies of scale," said Mr. Gregg. Although defined benefit plans might go to the chief financial officer, defined contribution plans usually are administrated by human resource directors, Mr. Gregg explained. The new division will offer them "one-stop shopping."

Included in the Royal Investment Advisory Group are: Pension Portfolio Advisors, a manager of managers offering seven separate account options; Maccabees Equity Sales Co., a broker/dealer, and the newly acquired Meeks & Co., Columbus, Ohio, a third-party administrator, actuarial and consulting firm. The group pension unit offers general account guaranteed type products.

"Subsidiary firms are managed as a cohesive unit, though they cross corporate lines," said Mr. Gregg.

— *Sabine Schramm*

Pension surplus index



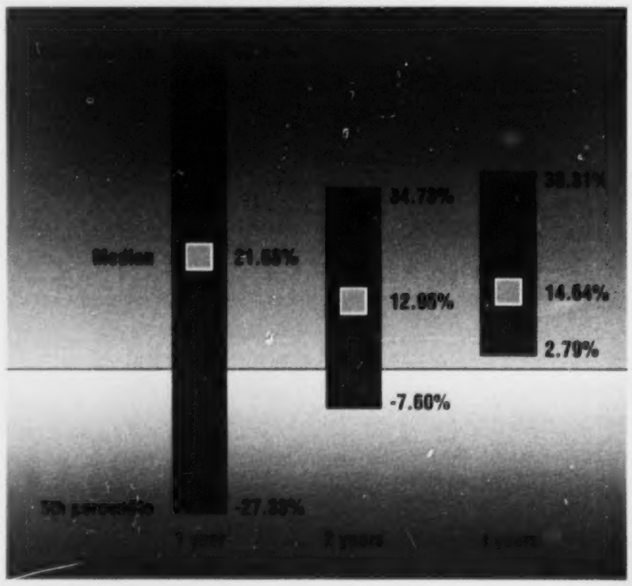
Source: Morgan Stanley Pensions, New York

JOHN SMITHER

Tremont universe of limited partnerships

Returns for periods more than one year are annualized. All returns are before management expenses and performance fees.

(Periods ended Dec. 31)



MAXIMO
MINIMO
CIERRE
AJUSTE
VOLUMEN
MAYO '92
JULIO '92
CALLS PUTS CALLS PUTS

Argentina's stock exchange was a big draw for attendees of Wilshire's emerging markets conference.

INTERNATIONAL

Managers get a close-up look at Argentine market

■ More than 100 global money managers and plan sponsors got a close look at Argentina's volatile stock exchange, the Bolsa.

Attending Wilshire Associates' Emerging Markets Institute Conference in late April, the financial executives found the market thin, volatile and illiquid. The market capitalization is $24 billion, and trading volume averages $50 million a day.

In the last four months of 1989, for example, the Bolsa 100 Index fell from 549 to 192, a 65% loss. The market's standard deviation of return has been 111% during the past five years, vs. 45% for other emerging markets, according to Wilshire Associates.

One conference attendee, R. Charles Tschampion, vice president-director of portfolio strategy and manager relations with General Motors Investment Management Co., New York, said illiquidity in emerging markets would place constraints upon money managers. The investment company advises GM's $41 billion pension fund.

Wilshire officials said $30 billion could flow into emerging market stocks from U.S. pension funds in the next few years. Total emerging market capitalization is $520 billion, and Latin America represents $100 billion of that.

— Steve Hemmerick

INVESTING

Sponsors doing own detective work

■ Plan sponsors do not rely exclusively on the major rating agencies in assessing the credit quality of insurance companies that issue guaranteed investment products, according to a survey by the GIC Association, Lake Oswego, Ore.

Instead, the association's annual membership survey found, plan sponsors have started placing more emphasis on direct research on carriers.

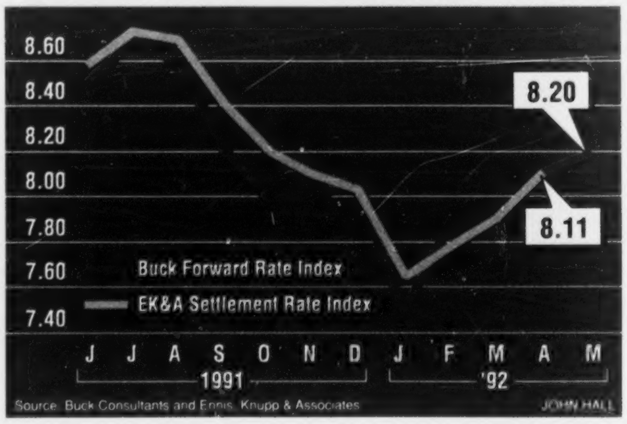
According to the survey, 95% of respondents indicated investors should not rely solely on outside published ratings to determine credit worthiness of issuers.

Indeed, increased credit research efforts was cited as the most important change in investor strategy in recent months. That contrasts with the 1991 survey, which found the most significant change was a "prudent investment strategy simply consisted of placing no more than 10% to 15% of contracts with any one highly rated GIC issuer."

The survey also found most plan sponsors believe further insurance company insolvencies are unlikely.

— Fred Williams

Indexes for valuing pension liabilities under FAS 87



Source: Buck Consultants and Ennis, Knupp & Associates

BENEFITS

Recession sends ESOPs, members into a decline

■ The recession has taken its toll on employee stock ownership plans.

According to the National Center for Employee Ownership, Oakland, Calif., the number of new ESOPs in 1991 declined 10% from a year earlier. In addition, the number of new ESOP participants declined 30% from the previous year.

In 1991, 416 new plans were created. However, because of the terminations of some already existing plans, the net number of plans and workers covered increased rose only slightly, according to Corey Rosen, executive director.

He said the decline in new ESOP formation was another telling statistic of the recession. Borrowing through ESOPs in 1991 declined 65% from 1990's level, to $2.8 billion.

"Banks were less willing to make loans to anyone, including companies setting up or expanding ESOPs," the center's Mr. Rosen explained.

"At the same time, companies were less willing to commit to funding plans."

Nonetheless, Mr. Rosen said he remains optimistic that an economic turnaround, supported by continued research and education on the benefits of ESOPs, makes the long-term future of the plans bright.

— Curtis Vosti

PUBLIC FUNDS

South Africa may return to buy list

■ New York City Mayor David Dinkins said the time soon may be ripe to drop sanctions that prohibit the New York City pension funds from investing in companies that do business in South Africa.

Mayor Dinkins said he had instructed city Finance Commissioner Carol O'Cleireacain on May 14 to advocate revising investment restrictions on the $20.7 billion New York City Employees' Retirement System and the $12.3 billion Teachers' Retirement System "if and when an interim government is installed in South Africa." Currently, discussions are underway in South Africa to create a new constitution and an interim government.

There is one caveat: Sanctions should remain against arms manufacturers that do business in South Africa until the South African military, police and security forces are controlled by the South African people under a new, democratic constitution, Mr. Dinkins added.

— Joel Chernoff

REAL ESTATE

British company gives it all away

■ London's Dockland Development Corp. is prepared to offer developers free land in return for stakes in their development.

The firm particularly wants to interest developers in its 400-acre Royal Docks site.

The firm is suffering from the worsening property market in London, reflected by the highly publicized cash crunch of Olympia & York Developments Ltd., Toronto.

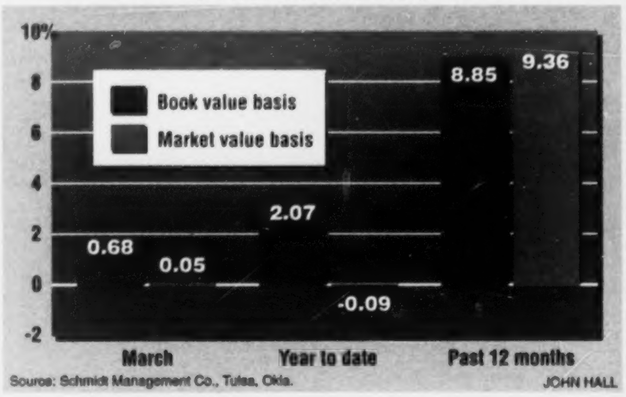
Dockland Development executives are negotiating with Trammell Crow, the U.S. developer, about another of its sites, Royal Victoria Dock.

Firm officials acknowledge talks with other developers have fallen apart.

— Aidan O'Sullivan

Schmidt composite GIC indexes

(Periods ended March 31)



Source: Schmidt Management Co., Tulsa, Okla.

MONEY MANAGERS

Caldwell gets Emory alumni award

■ The 1992 Emory Business School's Distinguished Achievement Award was presented to H. Eugene Caldwell, chairman, chief executive officer and chief operating officer of Caldwell & Orkin Inc., Atlanta.

The presentation is made annually to Emory alumni for outstanding achievements in business and civic activities.

Prior to founding Caldwell & Orkin in 1986, Mr. Caldwell was a partner and senior vice president at Oppenheimer Capital Corp., New York; co-founder and chairman of Montag & Caldwell Inc., Atlanta; and economic analyst and portfolio manager at Trust Co. Bank, Atlanta.

A founding member of both the Atlanta Financial Analyst Society and Center for Strategic Studies, Mr. Caldwell also served as president in both organizations.

He has been governor of the Investment Counsel Association of American and is a member of the Association for Investment Management and Research and the Chartered Financial Analysts Society.

— Sabine Schramm

Eugene Caldwell of Caldwell & Orkin accepts his Emory Business School alumni award.

Small-cap stocks boost growth managers

By Hillary Durgin

Growth managers, riding high on the wave of the strong returns of small-capitalization stocks for the year ended March 31, led the top equity performers in Pensions & Investments' Performance Evaluation Report.

Princeton Bank & Trust, East Brunswick, N.J., took the top slot for the year, scoring 51.1%, for its emerging growth fund. Other contenders for the 12-month period were Wellington Trust N.A., Boston, with 50.2% for its special situation portfolio; Meridian Investment Co., Valley Forge, Pa., with 44.7% for its Quest Special Equity Fund; and Bankers Trust Co., New York, with 44.6% for its small-cap fund.

"The whole small-company area has embarked on a multiyear bull market" beginning last year, said Francis B. Lane, chief investment officer at Princeton Bank & Trust.

In the PIPER managed account returns, value-oriented funds surged to lead first quarter performance as growth funds posted continued strong returns for the year ended March 31. Heartland Advisors Inc., Milwaukee, the quarter's top performer, delivered 20.1% on its small-cap value equity fund.

For the year, Montgomery Asset Management, San Francisco, posted 43.4% for its small-cap growth portfolio. Heartland's fund posted 40.5% for the same period, and Strong/Corneliuson Capital Management Inc., Milwaukee, returned 38.2% for its small-cap equity portfolio.

In the fixed-income arena, Wellington Trust dominated commingled accounts, with 24.4% on its emerging bond fund portfolio for the year ended March 31. The $10.5 million fund focuses on high-quality high-yield securities issued by small companies.

But, judging from first-quarter and 12-month returns, small-cap stocks with a growth twist were the place to be.

"From an economic standpoint, the winds have sort of been at our backs because of the focus on small companies," said Kevin Gaughan, director of client relationships and marketing at Strong/Corneliuson. "We're seeing pension funds now really, in a big way . . . dip into small-cap equities."

Part of the reason for the recent surge in attention is that in the 1980s, the focus on the Standard & Poor's 500 Stock Index funds "artificially bid up the price of large companies at the expense of small companies," Mr. Gaughan said.

Strong/Corneliuson manages $120 million in eight separate accounts and $80 million for 401(k) plans in a style that blends value and growth strategies. The portfolio is invested in 60 to 70 companies that represent various industries and have a market capitalization of between $50 million to $1 billion.

Stocks in the portfolio include: **Superior Industries**, which makes aluminum car wheels; **National Computer Systems Inc.**, which makes optical scanning forms used for standardized tests; and **Little Switzerland Inc.**, a retail outlet in the Caribbean.

MacKay-Shields Financial Corp., New York, captured strong returns on funds managed according to both growth and value styles. Its New York Life Institutional Growth Equity Fund delivered 35.9% for the year, closely followed by the 35.7% return on its New York Life Institutional Value Equity Fund.

"The growth funds in general did well in 1991, and value funds have done better in the first quarter of 1992," said John O'Brien, vice chairman at MacKay-Shields.

Princeton's Mr. Lane said the bank's $15 million emerging growth fund emphasizes restaurant and health care companies with market capitalizations of less than $500 million and a sales base of $50 million to $500 million. Mr. Lane generally selects companies that have a return on equity of 15% or higher, little or no debt and strong management ownership.

Mr. Lane said stocks he holds include: **Sonic Corp.**, a restaurant company that went public last year and whose earnings are growing at a 30% rate; **NovaCare Inc.**, which provides therapists to nursing homes and whose stock price went up more than 100% last year; and **Nellcor Inc.**, which has developed a new but as yet unapproved fetal monitor.

Investors' strong appetite for growth stocks is being fed by an unusually long cycle of underperformance from the end of the second quarter of 1983 through the end of the third quarter of 1990, Mr. Lane said.

"Small company stocks were overlooked for so long their earnings records have remained intact," Mr. Lane said.

Coming out of the recession, investors are looking for companies that have consistently high earnings growth with strong balance sheets and a price-to-earnings ratio equal to or less than their growth rate, he said.

Among international funds, the Latin American equities fund of Trust Co. of the West, Los Angeles, delivered 40% in the first quarter, and 64.4% for the year.

New York-based BEA Associates' international equity portfolio was next for the quarter with 7.8% return and for the year with a strong 30.3%.

Following for the year was Ladas & Hulings Inc., Scottsdale, Ariz., with 16.67% on its International Value Account portfolio.

The median PIPER returns for international equity managed accounts were −4.3% for the quarter and −0.6% for the year. In comparison, the Morgan Stanley Capital International Europe Australia Far East Index returned −11.8% for the quarter and −7.7% for the year.

The median returns for PIPER commingled domestic equity accounts were −1.4% for the quarter and 12.5% for the year; for PIPER managed accounts, the figures were −0.8% and 15.4% respectively. In comparison, the Russell 2000 Index returned 7.5% and 21%, while the Standard & Poor's 500 Stock Index returned −2.5% and 11%.

For domestic fixed income, the median return for PIPER commingled accounts was −1% for the quarter and 11.4% for the year; median PIPER managed accounts returned −1.2% and 11.8% respectively. The Lehman Brothers Government/Corporate Bond Index for the same periods returned −1.5% and 11.4%.

PIPER commingled accounts, formerly called PIPER, include performance for funds that commingle client accounts for investment purposes. PIPER managed accounts, formerly PIPER+, includes only individually managed accounts. The data for both universes are gathered and compiled by Rogers, Casey & Associates Inc., Darien Conn. ■

PIPER managed fixed-income funds

Periods ended March 31

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.6	22.3	17.6	18.4	16.7
First quartile	−0.5	12.8	12.5	9.8	14.1
Median	−1.2	11.8	11.9	9.3	13.5
Third quartile	−1.8	10.9	11.0	8.9	12.5
Lowest return	−4.5	6.2	7.9	5.8	9.5
LB Gov't/Corp.	−1.5	11.4	11.9	8.9	13.1

Limited duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	3.7	12.3	11.5	10.8	12.9
First quartile	0.7	10.7	10.9	9.4	11.9
Median	0.3	9.8	10.5	9.0	11.4
Third quartile	−0.2	8.6	9.9	8.6	10.7
Lowest return	−1.0	6.2	7.9	7.8	9.6

Intermediate duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.6	22.3	15.2	12.6	14.9
First quartile	−0.3	12.0	12.1	9.7	13.6
Median	−0.7	11.1	11.4	9.1	12.8
Third quartile	−1.2	10.5	10.6	8.9	11.6
Lowest return	−2.8	7.4	8.6	7.6	10.1

Broad market

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.3	21.1	16.3	11.6	16.1
First quartile	−0.9	12.9	12.6	9.8	14.1
Median	−1.3	12.0	12.1	9.4	13.5
Third quartile	−1.8	11.3	11.4	9.0	12.9
Lowest return	−4.0	6.7	9.0	5.8	9.5

Long duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	2.3	20.6	17.6	18.4	16.7
First quartile	−0.8	14.0	13.1	10.3	14.9
Median	−1.7	12.6	12.1	9.2	14.1
Third quartile	−2.4	11.3	11.4	8.7	13.8
Lowest return	−4.5	8.4	9.4	7.5	11.6

JOHN HALL

PIPER managed fixed income accounts

Periods ended March 31

International

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	1.3	19.1	17.3	16.4	16.0
First quartile	−0.5	16.9	12.6	11.8	16.0
Median	−4.3	15.5	11.8	9.9	15.1
Third quartile	−4.9	11.1	10.2	9.3	14.5
Lowest return	−5.8	5.6	5.4	6.1	13.6
Salomon World Gov't	−3.4	13.3	10.4	8.6	na

Global

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	1.3	18.8	15.8	16.6	18.8
First quartile	−0.5	15.2	13.5	11.6	18.2
Median	−3.2	13.3	11.7	10.4	15.1
Third quartile	−4.3	11.5	11.0	9.8	13.9
Lowest return	−5.2	7.5	8.2	8.6	13.7
Salomon World	−3.8	14.0	11.0	8.9	13.9

JOHN HALL

Top PIPER managed equity accounts

Growth equity

3-month return

	%
Brinson Partners (Post venture)	12.4
Dawson-Samberg (Pequot)	11.4
Keeley Asset (Sp. sit.)	10.9
GT Capital (Small cap.)	10.6
Eagle Asset (Small cap.)	8.6
Target Investors (Emerging)	7.5
Russell 2000	7.5
Strong/Corneliuson (Sm./Med.)	6.5
Haven Capital (Garp)	4.6
William D. Witter (Small cap.)	4.6
Midco Investors (Small cap.)	4.3
S&P 500	−2.5

1-year return

	%
Montgomery Asset (Small cap.)	43.4
Strong/Corneliuson (Sm./med.)	38.2
Trust Co./ West (Small cap.)	37.6
Cohen, Davis & Marks	36.4
MacKay-Shields Financial	35.9
Target Investors (Emerging)	35.4
IDS Advisory (Spec. emerg.)	34.8
Peregrine Capital (Small cap.)	34.7
Mt. Auburn Mgmt.	34.2
Standish, Ayer & Wood (Sm. cap.)	33.6
Russell 2000	21.0
S&P 500	11.0

5-year return

	%
Mt. Auburn Mgmt.	27.9
Montgomery Asset (Small cap.)	25.8
John McStay Invst. (Small cap.)	23.3
Cohen, Davis & Marks	22.7
Brinson Partners (Post venture)	20.9
Jundt Associates (Emerging)	20.4
Robertson, Stephens (Sm. co.)	20.3
Strong/Corneliuson (Sm./med.)	19.9
Amerindo US (Emerg. tech.)	19.7
Duncan-Hurst (Small cap.)	19.6
S&P 500	10.4
Russell 2000	6.1

10-year return

	%
Pacific Century (Small cap.)	34.1
Nicholas-Applegate (Emerging)	28.4
Chancellor Capital (Small cap.0	26.4
Severn Associates	25.8
Capital Growth	24.6
Strong/Corneliuson (Sm./med.)	24.6
Roger Engemann & Assoc.	23.1
Peregrine Capital (Small cap.)	23.1
Columbus Circle	22.9
Target Investors (Emerging)	22.8
S&P 500	18.2
Russell 2000	14.4

Value equity

3-month return

	%
Heartland Advisors (Small cap.)	20.1
Chilmark Capital Partners	19.0
David L. Babson (Small cap.)	14.7
Trust Co./West (Value added)	12.7
First Pacific Advisors (Small)	12.5
Mesirow Asset (Small cap.)	12.4
First Security	11.1
Dreman Value (Sm. cap./low p/e)	10.4
Fisher Invst. (Small cap.)	10.0
Anderson Capital (Income)	9.7
Russell 2000	7.5
S&P 500	−2.5

1-year return

	%
Heartland Advisors (Sm. cap.)	40.5
First Pacific Advisors (Small)	38.0
MacKay-Shields	35.7
Westport Asset (Sm. agg.)	34.2
David L. Babson (Sm. cap.)	33.9
Miller Anderson Sherrerd (Sm.)	33.8
Dreman Value (Sm. cap./low p/e)	33.7
Wilshire Asset (Sm. co.)	32.8
Neuberger & Berman (Sm. cap.)	30.8
Putnam Cos. (Small cap.)	30.7
Russell 2000	21.0
S&P 500	11.0

Timber stays on roll

Funds among stars for 3rd straight quarter

By Steve Hemmerick

Timber investments continue to score among the highest returns for commingled real estate funds, and a pickup in housing starts is expected to further strengthen performance returns this year for timber products.

Among closed-end real estate funds, the $15 million Forestree I of Hancock Timber Resource Group, Boston, scored calendar year 1991's highest total return. The $15 million fund returned 17.6%, according to Pensions & Investments' Performance Evaluation Report.

Third-best 1991 performance for closed-end funds came from Forest Investment Associates $85 million Real Estate Fund, which invests in timber. It scored a total return of 7.5%.

Hancock's $1 billion Separate Accounts Timber Fund returned 21.5% for 1991. It was the third best open-end fund performer.

Timber fund returns surpassed median closed-end fund returns of −8.3% and open-end fund median returns of −5.2% for 1991.

The calendar year returns follow high returns timber funds reported in the third and second quarters of the year. In the quarter ended Sept. 30, the Forest Investment Associates fund and Forestree I ranked first and second respectively. And for the second quarter, Hancock's Separate Account fund ranked first among open-end funds.

The timber funds' returns were surprising as they came during 1991's sharp downturn in housing starts, said Scott Jones, manager of portfolio strategy for Hancock Timber Resource Group. Housing starts for 1991 fell to nearly 800,000 compared with about 1.5 million starts in the late 1980s.

But now housing starts are starting to come back, even as supplies for timber continue to tighten, said Mr. Jones.

He predicted housing starts could climb back to 1 million to 1.2 million starts for 1992. During the first quarter of this year, finished board prices — lumber used in building homes — shot up 20%, he said.

Helping to push housing starts up, he said, is low interest rates.

Environmentalist-led drives are limiting timber harvests there as a result of concerns about water quality and the endangered spotted owl, said Mr. Jones.

He said the supply of timber in the Northwest has been reduced about 25% in recent years.

Real estate mortgage funds and funds that invest in real estate investment trusts also are scoring well above core properties.

Two small funds of Star Bank, Cincinnati — the $5.4 million Employee Benefit Trust and the $12 million Personal Trust funds — scored first and second for open-end funds in 1991. The Employee Benefit Trust fund returned 31.5% and the Personal Trust fund, 30.6%. Both funds invest in real estate investment trusts and real estate company securities.

Prudential Real Estate Group's $150 million Union Mortgage Account and Union Labor Life Insurance Co.'s MSA-J, both mortgage funds, scored high returns as well. The Prudential fund returned 16.6% and the Union Labor fund returned 8.7%, the fourth- and fifth-best performance among open-end funds.

Equitable Real Estate Investment Management Inc.'s $302 million EQK III fund ranked second among closed-end funds. The predominantly regional mall fund returned 10.3%.

INVESCO Realty Advisors' Institutional Mortgage Fund II, a $28 million diversified property fund, scored the fourth-best performance among closed-end funds. All of its 7.4% return came from income.

The PIPER universe covers 20 open-end funds and 60 closed-end real estate funds. The data are compiled by Rogers, Casey & Associates Inc., Darien, Conn. ■

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In this paper he outlines the variety of strategies MidCap 400 futures and options offer, from equitizing cash and transition management to asset allocation and asset enhancement.

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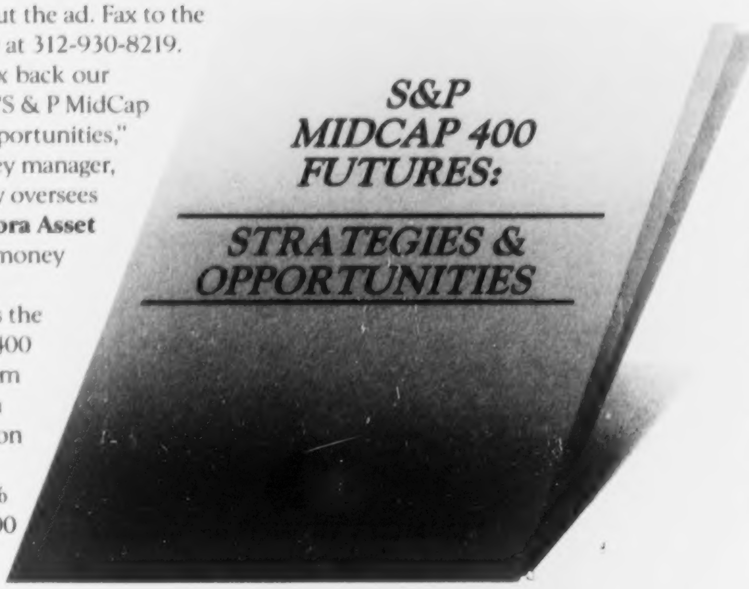

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5-year return

	%
Chilmark Capital	41.8
Goodwin Capital (GCM 50)	21.0
Tukman Capital	16.8
Brinson Partners	16.5
Brinson Partners (Inter.)	16.2
State Street (Matrix syn.)	16.2
Dietche & Field (Core)	16.1
First Pacific (Small)	16.1
UBS Asset (Sm. cap.)	16.0
Geo Capital (Small cap.)	15.2
S&P 500	**10.4**
Russell 2000	**6.1**

10-year returns

	%
Cadence Capital (Lg. cap.)	24.4
Fisher Invst. (Sm. cap.)	22.8
Oxford Capital (And cash)	22.6
Dietche & Field (Core)	22.5
UBS Asset (Small cap.)	22.5
Neuberger & Berman	22.4
Mitchell Hutchins (Core)	22.4
Tom Johnson Invst.	22.3
Wilshire Asset (Sm. co.)	22.3
Radnor Capital (Act. low p/e)	22.1
S&P 500	**18.2**
Russell 2000	**14.4**

Other equity

3-month return

	%
GW Capital (Sector rotation)	12.7
Cramer Rosenthal McGlynn (Sp.)	10.3
Mackenzie Invst. (Core)	7.8
Pengra Capital (Struc. demand)	7.8
Mellon Capital (MR 2000 sm.)	7.7
Russell 2000	**7.5**
Harris Invst. (Convertibles)	7.0
Fidelity Mgmt. (Sel. sm. cap.)	6.8
First Pacific (Dallas)	6.4
Martingale Asset (Hedged)	5.7
Heine Securities (Mutual Beacon)	5.5
S&P 500	**−2.5**

1-year returns

	%
Ardsley Partners (II)	35.0
INVESCO Trust	33.0
UBS Asset (Small cap.)	32.9
Ardsley Partners (I)	31.7
Investment Advisers (Sm. cap.)	30.6
Dietche & Field (Opp.)	28.7
Nicholas-Applegate (Convertible)	26.7
Pension Management	24.2
Scudder Stevens & Clark	22.2
Mellon Capital (MR 2000 sm.)	22.0
Russell 2000	**21.0**
S&P 500	**11.0**

5-year returns

	%
Feshbach Bros. (Southgate)	29.2
Dietche & Field (Opp.)	24.5
Fiduciary Mgmt. of Milwaukee	21.6
Nicholas-Applegate (Hedged)	18.8
Investment Advisers (Sm. cap.)	18.7
First Pacific (Dallas)	18.0
Westwood (Enhan. index-QAM)	17.6
GW Capital (Sect. rotation)	17.3
Nicholas-Applegate (Convertible)	15.8
Pension Mgmt.	15.6
S&P 500	**10.4**
Russell 2000	**6.1**

10-year returns

	%
Westwood (Enhan. index-QAM)	25.4
First Pacific (Dallas)	24.2
Investment Advisers (Sm. cap.)	23.6
Goodwin Capital (Standard)	23.3
Caldwell & Orkin (Multifactor)	22.5
Fiduciary Mgmt. of Milwaukee	22.3
Cramer Rosenthal McGlynn (Sp.)	21.9
Pension Management	21.6
Leylegian Invst.	21.4
Argus Investors' Counsel (Divers.)	20.8
S&P 500	**18.2**
Russell 2000	**14.4**

Top PIPER managed fixed-income funds

Limited duration

3-month return

	%
Shelby County Gov't	3.7
Gabelli/O'Connor (Act. 2-year)	1.1
Western Asset	0.9
Chase Invst. (Short)	0.9
Dimensional Fund (1-year)	0.9
Discount Corp. of N.Y. (Liquidity)	0.7
Sterling Capital (Short)	0.7
Independence One	0.7
Pacific Invst. (Low)	0.7
Charles River (Enhanced cash)	0.6
LB G/C	**−1.5**

1-year return

	%
Union Capital	12.3
Weiss, Peck & Greer (Short)	12.0
Western Asset	11.9
Income Res. (Enhanced cash)	11.5
LB G/C	**11.4**
Pacific Invst. (Low)	11.2
Standish Ayer & Wood (Cont. risk)	10.9
Merganser Capital (10.2)	10.2
Longfellow Invst (Short)	10.2
Boston Co. (Short)	10.1
Shelby County Gov't	10.0

5-year return

	%
Western Asset	10.8
Pacific Invst. (Low)	9.6
Weiss, Peck & Greer (Short)	9.6
Boston Co. (Short)	9.4
Merganser Capital	9.4
Longfellow Invst. (Short)	9.3
Standish Ayer & Wood (Cont. risk)	9.1
Fiduciary Mgmt.	9.1
RCM Capital (Short)	9.0
LB G/C	**8.9**

10-year return

	%
LB G/C	**13.1**
Union Capital	12.9
Pacific Invst. (Low)	12.2
Longfellow Invst. (Short)	11.9
Weiss, Peck & Greer (Short)	11.9
Merganser Capital	11.8

Emerging markets: Oct. 26.

Intermediate duration

3-month return

	%
Eveans Bash Magrino (Stable val.)	1.1
Independence One (Prima III)	0.5
U.S. Trust of California	0.4
STW Fixed Income (Short)	0.3
JMC Capital	0.0
CIGNA Asset	0.0
Rainier Invst.	−0.2
JCW Invst. (Value)	0.3
Massachusetts Financial	−0.5
LB G/C	**−1.5**

1-year returns

	%
Bartlett & Co. (Act. value)	14.4
Kemper Asset (Plus)	13.7
Fox Asset	13.3
Pacific Invst. (Mtg.)	13.1
Denver Invst.	12.9
Scudder Stevens Clark (Ltd. vol.)	12.4
Investment Advisers (Act. dur. 20)	12.1
CIGNA Asset	12.0
Waddell & Reed Asset	11.9
LB G/C	**11.4**

5-year returns

	%
Fox Asset	12.6
U.S. Trust of California	11.2
Bartlett & Co. (Act. value)	11.1
First Pacific	10.8
Wagstaff, Lodefink	9.9
STW Fixed Income (Short)	9.8
Brundage Story (Short/inter.)	9.7
Kemper Asset (Plus)	9.6
Scudder Stevens Clark (Ltd. vol.)	9.6
LB G/C	**8.9**

10-year returns

	%
Kemper Asset (Plus)	14.9
Wagstaff, Lodefink	14.3
Investment Advisers (Act. dur. 20)	14.2
Wolf Webb Burk (Rate anticip.)	14.1
First Pacific	13.6
INVESCO MIM (Act. dur.)	13.6

WHO
MANAGES
THE NUMBER ONE
INSTITUTIONAL
FUND IN
ITS CLASS?

CIGNA Asset	13.6
Boatmen's Trust	13.5
Boston Co.	13.3
LB G/C	**13.1**

Broad Market

3-month return

	%
Leshner (Midwest treas.)	4.3
Scheetz, Smith	3.6
GW Capital (Sector rotation)	2.3
T.Rowe Price (Cont. vol.)	1.1
Peregrine Capital (Total ret.)	0.8
Taplin, Canida & Habacht	0.6
Dewey Square (Mtg.)	0.5
NWQ Invst.	0.3
Loomis, Sayles (Invst. grade.)	−0.1
Blackstone Fin. (Mtg./treas.)	−0.3
LB G/C	**−1.5**

1-year return

	%
GW Capital (Sector rotation)	21.1
Leshner (Midwest treas.)	20.2
Scheetz, Smith	17.5
Dewey Square (Mtg.)	17.1
Blackstone Fin. (Mtg./treas.)	16.0
Loomis, Sayles (Invst. grade)	15.1
Dewey Square (Act.)	14.3
Bridgewater Asset (Act. dur.)	14.2
Loomis, Sayles/Pasadena	14.2
Durkee Capital (Reactive)	14.1
LB G/C	**11.4**

5-year return

	%
GW Capital (Sector rotation)	11.6
Hoisington Invst.	11.5
Morgan Grenfell Capital	11.0
Durkee Capital (Reactive)	10.8
Jamison, Eaton (Act. dur.)	10.7
Bridgewater Asset (Act. dur.)	10.6
Furman Selz (Gov't/agency)	10.4
Pacific Invst. (Total return)	10.4
Miller Anderson & Sherrerd (Mtg.)	10.3
Pacific Invst. (SA free)	10.2
LB G/C	**8.9**

10-year returns

	%
Morgan Grenfell Capital	16.1
Miller Anderson & Sherrerd (Mtg.)	15.9
Patterson Capital	15.5
Meridian Invst.	15.4
Standish, Ayer & Wood	15.2
Jamison, Eaton (Act. dur.)	15.1
Pacific Invst. (Total return)	15.0
Loomis, Sayles (Invst. grade)	14.9
Ferguson & Wellman (Anticip.)	14.9
Denver Invst. (Strat.)	14.6
LB G/C	**13.1**

Long duration

3-month return

	%
Trust Co./West (Mtg.-backed)	2.3
Lara, Luchsinger & Dietze (Treas.)	1.1
Garner Asset (Value)	0.6
Garner Asset (Insurance)	0.6
Putnam Cos.	0.3
Portfolio Capital	0.1
Bradford & Marzec	0.0
Investment Advisors (Act. dur.)	−0.2
Criterion Invst. (Mtg.)	−0.6
Atlantic Portfolio (MBS index)	−0.6
LB G/C	**−1.5**

1-year returns

	%
Trust Co./West (Mtg.-backed)	20.6
Lara, Luchsinger & Dietze (Treas.)	16.8
Investment Advisors (Act. dur.)	16.5
McCowan Associates	14.8
Income Research	14.7
Miller Anderson & Sherrerd	14.4
Crawford Invst.	14.3
STW Fixed Income	14.2
Criterion Invst. (Mtg.)	14.1
Bradford & Marzec	14.0
LB G/C	**11.4**

5-year returns

	%
Lara, Luchsinger & Dietz (Treas.)	18.4
Seaboard Invst.	15.7
Trust Co./West (Mtg.-backed)	13.2
McKee Invst. (Sub. Va.)	11.0
Criterion Invst.	10.9
Criterion Invst. (Mtg.)	10.7
MacKenzie Invst.	10.5
McCowan Associates	10.5
Crawford Invst.	10.3
Jamison, Eaton & Wood	10.0
LB G/C	**8.9**

10-year returns

	%
STW Fixed Income	16.7
Miller Anderson & Sherrerd	15.4
Denver Invst.	15.1
Smith Affiliated	15.1
Crawford Invst.	14.9
Boatmen's Trust (Variable)	14.9
Jamison, Eaton & Wood	14.6
Axe-Houghton (Corp.)	14.6
Putnam Cos.	14.6
McCowan Associates	14.4
LB G/C	**13.1**

Other fixed-income

3-month return

	%
Loomis, Sayles	2.2
Eastbridge Capital (MBS hed.)	1.2
T. Rowe Price (Multi media)	0.6
T. Rowe Price (Index)	0.4
Darien Capital	−0.4
LB G/C	**−1.5**

1-year returns

	%
Loomis, Sayles	18.8
Brundage, Story (Index plus)	12.4
Darien Capital	11.9
T. Rowe Price (Index)	11.8
Lincoln Capital (Enhanced)	11.7
LB G/C	**11.4**

5-year returns

	%
Loomis, Sayles	10.3
Brundage, Story (Index plus)	9.8
PanAgora (Index)	9.3
Mellon Bond (Index)	9.1
LB G/C	**8.9**

10-year returns

	%
Loomis, Sayles	15.6
LB G/C	**13.1**

Top PIPER managed equity funds

International

3-month return

	%
BEA Associates	7.7
Boston Overseas (EAFE)	5.1
Crown Financial	3.8
Waddell & Reed (Growth)	3.3
The Principal	3.1
Wellington Trust	2.9
Bank of Ireland	2.9
Marvin & Palmer	1.9
First NH-Bank of Ireland	1.9
Martin Currie (European)	1.7
MSCI EAFE	**−11.8**
FTA Europe & Pacific	**−13.0**

1-year returns

	%
BEA Associates	30.3
Ladas & Hulings (Value)	16.7
Waddell & Reed (Growth)	16.3
Gulfstream Global	12.3
Marvin & Palmer	11.6
The Principal	11.1
Wright Investors'	9.5
Vontobel USA (Europacific)	9.0
Bank of Ireland	8.9
Templeton Invst.	8.8
MSCI EAFE	**−7.7**
FTA Europe & Pacific	**−8.9**

5-year returns

	%
BEA Associates	23.5
CL Capital	14.3
Boston Overseas (EAFE)	13.7
Morgan Stanley Asset	13.1
Templeton Invst.	12.2
Provident Capital (Low p/e)	11.3
Cseh Int'l (Low p/e)	11.0

It shouldn't be surprising that, among all insurers, The Equitable had the top performing institutional Separate Account in a recent survey by *Financial World*. Or that two other institutional funds we manage ranked in the top ten.*

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*Among insurance company separate accounts. For the one-, three- and (for two of the funds) five-year periods ended December 31, 1991.
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Bank of Ireland	10.7
Grantham Mayo Van Otterloo	10.4
CIGNA Int'l Invst.	10.0
MSCI EAFE	**1.9**
FTA Europe & Pacific	**1.8**

10-year returns

	%
BEA Associates	27.9
Templeton Invst.	23.7
Scudder Stevens & Clark	23.5
Grantham Mayo Van Otterloo	22.9
Putnam Cos.	21.3
Gulfstream Global	21.3
Henderson Admin. (EAFE)	20.8
Brinson Partners	20.4
World Invest	20.4
Putnam Cos.	20.3
MSCI EAFE	**18.4**
FTA Europe & Pacific	**18.3**

Global

3-month return

	%
Mercator Asset	4.7
Martin Currie	3.5
World Invest	2.5
Associated Bank (P/PS worldwide)	2.3
Templeton Invst.	1.2
Marvin & Palmer	1.2
G.T. Capital	0.9
Captial Guardian (New pers.)	0.4
UBS Phillips & Drew	−0.7
Marathon Asset (Active)	−1.2
MSCI World	**−8.0**
FTA World	**−8.5**

1-year returns

	%
Marvin & Palmer	18.7
Martin Currie	16.5
Capital Guardian (New pers.)	11.4
Templeton Invst.	10.6
World Invest	9.0
G.T. Capital	8.1
Brinson Partners	8.0
AIG Global Investors	7.2
Scudder Stevens & Clark	6.7
Bank of Ireland	6.4
MSCI World	**−0.5**
FTA World	**−0.7**

5-year returns

	%
Martin Currie	14.5
Brinson Partners	12.3
Marvin & Palmer	11.6
Bank of Ireland	11.1
Scudder Stevens & Clark	10.9
AIG Global Investors	10.6
Morgan Stanley	10.4

Capital Guardian (New pers.)	10.1
Burgess Capital	9.7
Mercator Asset	9.1
FTA World	**4.9**
MSCI World	**4.8**

10-year returns

	%
Burgess Capital	22.2
World Invest	22.1
Putnam Cos.	20.6
Martin Currie	20.5
Brinson Partners	20.4
MSCI World	**17.6**
FTA World	**16.3**

Other international and global

3-month return

	%
G.T. Capital (Emerg. mkts.)	16.2
J.P. Morgan (Emerg. mkts.)	14.0
Mercator Asset (Developing)	12.1
Templeton Invst. (Emerg. mkts.)	12.0
Edinburgh Wilmington (Ex Japan)	11.7
Crown Financial (European)	8.6
Henderson (Pac. ex Japan)	8.2
G.T. Capital (Pac. ex Japan)	6.9
Newport Pacific (Tiger)	6.5
Daiwa Int'l (Pac. ex Japan)	4.5

1-year returns

	%
Templeton Invst. (Emerg. mkts.)	56.4
G.T. Capital (Emerg. mkts.)	52.1
Mercator Asset (Developing)	25.0
Edinburgh Wilmington (U.K.)	21.6
J.P. Morgan (Emerg. mkt.)	19.4
G.T. Capital (Pac. ex Japan)	19.0
Henderson (Pac. ex Japan)	18.0
Newport Pacific (Tiger)	14.8
Edinburgh Wilmington (Eurofund)	12.5
ABN-AMRO (Eurpean)	11.6

5-year returns

	%
Morgan Grenfell (Sm cap. Japan)	28.4
Templeton Invst. (Emerg. mkts.)	26.9
G.T. Capital (Japan)	16.8
G.T. Capital (Pac. ex Japan)	16.7
J.P. Morgan (European)	13.5
Baillie Gifford (Eurpean)	12.2
Dunedin Fund (Pacific)	11.4
Henderson (Pac. ex Japan)	10.9
G.T. Capital (Pacific)	10.6
RCB Trust (Pacific)	10.6

10-year returns

	%
Wells Fargo Nikko (Japan)	23.7

PIPER managed equity accounts

Periods ended March 31

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	20.1	43.4	39.8	29.2	34.1
First quartile	**2.2**	**20.4**	**19.9**	**13.8**	**20.5**
Median	−0.8	15.4	15.6	11.2	18.7
Third quartile	**−2.8**	**11.9**	**12.8**	**9.6**	**17.3**
Lowest return	−18.7	−39.0	−0.1	1.2	11.0
S&P 500	**−2.5**	**11.0**	**14.8**	**10.4**	**18.2**
Russell 2000	7.5	21.0	10.9	6.1	14.4

Growth

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.4	43.4	39.8	27.9	34.1
First quartile	**0.3**	**23.3**	**24.3**	**15.3**	**21.2**
Median	−2.2	17.0	19.8	12.7	19.3
Third quartile	**−4.8**	**12.6**	**16.0**	**10.1**	**17.5**
Lowest return	−18.7	−0.9	6.4	4.4	11.0

Value

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	20.1	40.5	22.7	41.8	24.4
First quartile	**4.6**	**18.7**	**15.9**	**12.3**	**20.0**
Median	1.0	15.0	13.8	10.6	18.4
Third quartile	**−1.4**	**11.4**	**11.7**	**9.3**	**17.2**
Lowest return	−7.1	−2.7	4.8	4.3	12.3

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Henderson (Europe/U.K.)	22.6
Crown Financial (U.K. mgd.)	22.3
Henderson (Europe ex U.K.)	21.6
Henderson (U.K. core)	20.6
Baring Int'l (Pacific Basin)	19.3

Top PIPER managed fixed-income funds

International

3-month return

	%
CIGNA Int'l	1.3
Crown Financial (Fixed interest)	1.1
Delaware Int'l	0.3
Global Fixed (Currency hedged)	0.1
World Invest (IPBF)	−2.5
Capital Guardian	−3.0
Salomon World Gov't	**−3.4**
J.P. Morgan	−4.0
Rowe Price-Fleming	−4.2
Baring Int'l	−4.3

1-year returns

	%
World Invest (IPBF)	19.1
Rogge, Global Partners	17.7
Scudder Stevens & Clark	17.5
Julius Baer Invst.	17.5
UBS Asset (CMB)	16.9
Rowe Price-Fleming	16.6
Brinson Partners	16.3
Baring Int'l	16.3
Global Fixed Income	16.0
Salomon World Gov't	**13.3**

5-year returns

	%
Putnam Cos.	16.4
Baring Int'l	12.9
UBS Asset (CMB)	11.8
Brinson Partners	11.8
World Invest (IPBF)	11.7
Julius Baer	9.9
Salomon World Gov't	**8.6**

10-year returns

	%
Brinson Partners	16.0
World Invest (IPBF)	16.0
J.P. Morgan	15.2

Global

3-month return

	%
Alliance Capital (Short term)	1.3
Miller, Anderson & Sherrerd	1.0
Discount Corp. of New York	0.8
RCB Int'l	0.2
Paribas Asset	−0.2
World Invest	−0.5
Global Fixed Income (Yield)	−1.1
Massachusetts Financial	−2.1
Alliance Capital	−2.9
Massachusetts Financial	−3.0
Salomon World	**−3.8**

1-year returns

	%
Miller, Anderson & Sherrerd	18.8
Rogge Global Partners	15.7
Massachusetts Financial	15.6
RCB Int'l	15.3
World Invest	15.2
Van Eck Associates (World)	15.2
Brinson Partners	15.0
Massachusetts Financial	14.5
Julius Baer Invst.	14.4
Salomon World	**14.0**
Alliance Capital	13.6

5-year returns

	%
Putnam Cos.	16.6
Global Fixed Income	13.5
World Invest	11.8
Baring Int'l (1)	11.6
Global Fixed Income (Yield)	11.6
Smith Barney Capital	10.7
Brinson Partners	10.4
Salomon World	**8.9**

10-year returns

	%
World Invest	18.8
Brinson Partners	15.6
Baring Int'l	15.1
Salomon World	**13.9**

PIPER managed accounts

Periods ended March 31

Balanced

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	7.2	38.4	27.1	19.0	21.9
First quartile	**0.3**	**15.1**	**15.4**	**11.3**	**17.3**
Median	−1.5	13.0	14.0	10.3	16.2
Third quartile	**−2.5**	**11.1**	**12.4**	**9.4**	**15.3**
Lowest return	−7.5	2.9	4.0	1.2	12.2

T.A.A.

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	3.4	17.8	17.7	14.6	19.9
First quartile	**−0.1**	**13.2**	**15.0**	**11.9**	**18.8**
Median	−1.8	12.5	13.7	10.5	17.4
Third quartile	**−2.0**	**11.1**	**11.8**	**8.7**	**15.6**
Lowest return	−3.5	7.1	7.6	5.1	12.0

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Top PIPER managed balanced accounts

3-month return

	%
Quaker Capital	7.2
GW Capital (Sect. rotation B)	6.2
Kirr, Marbach and Co.	6.1
John Stewart Darrell	4.6
Heartland Advisors	4.1
Pinnacle Assoc.	3.7
Trinity Invst.	3.6
Radnor Capital (Act. low p/e)	3.6
Haven Capital	3.4
Rorer Asset	3.1

1-year returns

	%
Quaker Capital	38.4
Essex Invst.	25.5
Provident Invst.	22.9
Equitable Capital (Strategic)	20.6
Roxbury Capital	20.5
Turner Invst. Partners (Core)	20.3
Bartlett & Co. (Value)	20.1
Kirr, Marbach and Co.	20.0
Atalanta/Sosnoff (Comp.)	19.6
Denver Invst.	19.5

5-year returns

	%
Quaker Capital	19.0
Essex Invst.	17.3
Turner Invst Partners (Core)	16.1
Capstone Asset (Growth)	15.5
Provident Invst.	14.7
Roxbury Capital	14.3
Value Line	14.0
Oxford Capital	14.0
Brinson Partners (US)	13.8
Fayez Sarofim	13.5

10-year returns

	%
Oxford Capital	21.9
Provident Invst.	20.3
Davenport & Co. of Va.	20.1
Caldwell & Orkin	19.6
Essex Invst.	19.2
Columbus Capital	19.1
Wedge Capital	19.1
Tom Johnson Invst.	19.0
Investment Counselors	19.0
Radnor Capital (Act. low p/e)	18.9

Top PIPER managed TAA accounts

3-month return

	%
Pacific NW Trust	3.4
Wagstaff, Lodefink	1.9
Wolf, Webb, Burk & Campbell	1.0
Sterling Capital (Eq.)	0.8
Rightime Econometrics	0.6
Renaissance Invst. (3-way)	0.1
Seaboard Invst.	0.0
INVESCO MIM	−0.1
Forstmann-Leff (Taft Hartley)	−0.1
TSA Capital (50/50)	−1.1

1-year returns

	%
Pacific NW Trust	17.8
TSA Capital (Bond)	16.8
Mellon Equity (Quant.)	14.9
Quantilogic Asset	14.1
Investment Advisors	14.1
INVESCO MIM	13.5
Forstmann-Leff	13.4
MIMLIC Asset	13.2
Forstman-Leff (Taft Hartley)	13.1
Chancellor (Stockshift 200)	13.0

PIPER managed equity accounts

Periods ended March 31

International

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	7.7	30.3	18.8	23.5	27.9
First quartile	**−1.5**	**4.6**	**7.7**	**9.0**	**20.4**
Median	−4.3	−0.6	4.4	6.9	19.7
Third quartile	**−7.6**	**−5.1**	**−0.3**	**3.7**	**18.1**
Lowest return	−16.9	−16.8	−6.6	−1.5	15.6
MSCI EAFE	**−11.8**	**−7.7**	**−5.6**	**1.9**	**18.4**
FTA Europe & Pacific	−13.0	−8.9	−6.1	1.8	18.3

Global

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.7	18.7	19.3	14.5	22.2
First quartile	**−0.4**	**6.9**	**10.1**	**10.1**	**20.5**
Median	−2.7	4.1	7.1	8.0	20.0
Third quartile	**−5.5**	**2.3**	**5.0**	**4.8**	**18.3**
Lowest return	−13.5	−10.8	2.4	1.7	12.9
MSCI World	**−8.0**	**−0.5**	**1.5**	**4.8**	**17.5**
FTA World	−8.5	−0.7	1.4	4.9	16.3

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5-year returns

	%
Chancellor (Stockshift 200)	14.6
Seaboard Invst.	14.1
Quantilogic Asset	13.6
Bankers Trust (Active)	13.3
J.P. Morgan Invst.	12.8
Mellon Equity (Quant.)	12.5
TSA Capital (Bond)	12.3
Chancellor (Stockshift 150)	11.9
Rightime Econometrics	11.8
Mellon Capital	11.2

10-year returns

	%
Wagstaff, Lodefink	19.9
Chancellor (Assetshift 65)	18.8
Wells Fargo Nikko (U.S.)	18.8
Penteq (Stocks/cash)	18.4
Rightime Econometrics	18.4
PanAgora Asset	18.3
Renaissance Invst.	16.4

Top PIPER commingled equity funds

Growth equity

3-month return

	%
General American (Small cap.)	13.9
Wellington Trust (Emerg.)	11.4
Qualivest Capital	10.8
Russell 2000	**7.5**
Connecticut Nat'l (Special)	6.3
Union Central Life	6.1
Mississippi Valley (Special)	5.7
LaSalle Street (Small cap.)	5.3
Ameritrust	4.3
Midco Investors	4.3
S&P 500	**−2.5**

1-year return

	%
Princeton Bank (Small cap.)	51.1
Bankers Trust (Small cap.)	44.6
Chancellor Capital (Em. health C)	39.6
Norwest Bank (Small)	34.6
Qualivest Capital	34.2
IDS Trust (Emerg. E)	33.4
General American (Small cap.)	33.1
Sunburst Bank	32.4
Russell 2000	**21.0**
S&P 500	**11.0**

5-year return

	%
Chancellor Capital (Em. health C)	22.6
First Wisconsin Asset (Emerg. E)	20.1
Equitable Capital (Special)	19.8
Chancellor Capital (Select)	17.9
Shearson Lehman (Small cap.)	17.8
IDS Trust (Core)	17.6
Lincoln Nat'l (Select)	16.8
Shearson Lohman (Flexible E)	16.6
Chancellor Capital	16.5
S&P 500	**10.4**
Russell 2000	**6.1**

10-year return

	%
Sunbank Capital	26.3
Connecticut Nat'l (Special)	22.6
Chancellor Capital	21.1
First Wisconsin Asset (Sm. cap.)	20.7
Equitable Capital (Special)	20.1
Manulife Financial	20.0
Investment Trust	20.0
Guardian Insurance (Variable A)	19.4
Associated Bank (P/PS)	19.3
S&P 500	**18.2**
Russell 2000	**14.4**

Value equity

3-month return

	%
Trust Co. of the West (Added)	12.4
Wachovia Invst. (Special)	9.6
NBD Bank (Intrinsic F)	7.8
New York Life (S.A. 6)	7.7
Mass. Mutual (Sm. cap. E)	6.7
Russell 2000	**7.5**
Sunbank Capital (Income)	6.5
Boatmen's Trust	6.4
Provident Capital	6.0
CL Capital	5.8
Pacific NW Trust	5.2
S&P 500	**−2.5**

1-year return

	%
US Nat'l Oregon (Qualivest)	38.6
Wachovia Invst. (Special)	30.3
New York Life (S.A. 6)	28.3
Trust Co. of the West (Added)	26.1
Sunbank Capital (Income)	26.1
CL Capital	23.0
Provident Capital	22.6
Connecticut Mutual	22.5
First Nat'l Bank of Amarillo	21.8
Pacific NW Trust	21.4
Russell 2000	**21.0**
S&P 500	**11.0**

5-year return

	%
State Street (Matrix Synthesis)	16.6
First Nat'l Bank of Amarillo	16.1
US Nat'l Bank of Galveston	15.5
Associated Bank (P/PS)	14.8
US Nat'l Oregon (Qualivest)	14.3
Mass. Mutual (Sm. cap. E)	13.4
Connecticut Mutual	13.2
John Hancock Mutual (Divers.)	13.2
NationsBank	13.0
First Illinois (Corp.)	12.8
S&P 500	**10.4**
Russell 2000	**6.1**

10-year returns

	%
First Nat'l Bank of Amarillo	21.1
US Nat'l Bank of Galveston	20.5
Connecticut Mutual	20.4
First NH Invst.	20.4
US Nat'l Oregon (Qualivest)	20.1
John Hancock Mutual (Divers.)	19.7
Chancellor Capital	19.5
Merus Capital (Income)	19.3
John Hancock Mutual (Con.)	19.2
NationsBank (Income)	19.1
S&P 500	**18.2**
Russell 2000	**14.4**

Other equity

3-month return

	%
Provident Capital (Special)	11.6
Wells Fargo Nikko (Micro cap.)	11.5
Associated Bank (P/PS reg. bank)	10.7
Markston Invst. (Variable)	8.7
Puget Sound Nat'l (Special)	7.6
Russell 2000	**7.5**
Aetna Capital (Smal cap. index)	7.4
Nothern Trust (Expanded F)	7.2
Travelers Corp. (Sm. cap. index F)	7.1
Bankers Trust (Russell 2000)	7.0
J.P. Morgan Invst. (Sm. co.)	7.0
S&P 500	**−2.5**

1-year returns

	%
Wellington Trust (Special sit.)	50.2
Meridian (Quest. special)	44.7
Associated Bank (P/PS reg. bank)	39.9
Deposit Guaranty (Special opp.)	38.4
Provident Capital (Special)	33.9
Markston Invst. (Variable)	26.1
Wells Fargo Nikko (Micro cap.)	25.4
Fleet Bank (Supp. F)	25.4
Manufacturers Detroit (Sm. cap.)	24.0
Lincoln Nat'l (Sp. opp.)	23.6
Russell 2000	**21.0**
S&P 500	**11.0**

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5-year returns

	%
Bankers Trust (Minority T)	26.4
Meridian (Quest special)	21.0
Wellington Trust (Sp. sit.)	19.1
Markston Invst. (Variable)	16.8
Deposit Guaranty (Sp. opp.)	15.2
Meridian	15.0
Pacific Financial (Income)	14.7
Provident Capital (Special)	14.5
Lincoln Nat'l (Sp. opp.)	14.2
Mutual of N.Y.	13.6
S&P 500	**10.4**
Russell 2000	**6.1**

10-year returns

	%
Provident Capital (Special)	21.3
Meridian	19.7
Markston Invst. (Long term gro.)	19.6
Chancellor Capital (Indexplus)	19.3
Wesbanco Bank Wheeling (B)	19.2
First Asset Mgmt. (Special)	19.1
Valley Nat'l Bank (I)	18.9
Mellon Equity (Active core)	18.8
Bankers Trust (Options overwrit.)	18.5
Bankers Trust (S&P)	18.3
S&P 500	**18.2**
Russell 2000	**14.4**

Top PIPER commingled fixed-income funds

Limited duration

3-month return

	%
Sentry Equity Services (S.A. D)	12.6
Signet Trust (Stable value)	1.7
Dominion Trust (Short)	1.6
NationsBank (Cash mtg. appro.)	1.5
Security Nat'l Bank (II)	1.4
First Nat'l Bank of Amarillo	1.3
IDS Trust (Money mkt.)	1.1
Security Nat'l Bank	1.0
UBS Asset (CMB short/inter.)	0.9
Michigan Nat'l (U.S. gov't)	0.8
LB G/C	**−1.5**

1-year return

	%
Sentry Equity Services (S.A. D)	23.1
Southwest Nat'l Bank (F)	14.7
Penn Mutual Life (S.A. C)	13.3
Security Nat'l Bank (II)	12.6
Wesbanco Bank Wheeling	12.5
Greeley Nat'l Bank	12.2
Security Nat'l Bank	12.1
AmSouth Bank	12.1
Shearson Lehman Trust (IF2)	11.4
LB G/C	**11.4**
Northern Trust	11.3

5-year return

	%
Wesbanco Bank Wheeling	9.5
Trustmark Nat'l Bank	9.5
Sentry Equity Services (S.A. D)	9.4
AmSouth Bank	9.4
Prudential (Structured)	9.2
First Alabama Bank (F)	9.2
Keystone Invst.	9.2
First Tennessee Bank (F)	9.0
Old Second Bank (HR 10)	9.0
UBS Asset (CMB short/inter.)	9.0
LB G/C	**8.9**

10-year return

	%
LB G/C	**13.1**
Wesbanco Bank Wheeling	13.0
First Alabama Bank	13.0
Central Banks (Treas./agency)	12.4
Old Second Bank	12.2
Old Second Bank (HR 10)	12.0
Michigan Nat'l Bank	12.0
First Tennessee Bank	11.8
Chancellor Capital	11.7
Associated Kellogg Bank	11.7
Greeley Nat'l Bank	11.7

Intermediate duration

3-month return

	%
Norwest Bank (Mgd.)	0.8
American Nat'l	0.8
Cullen Bank	0.7
Lake Shore Nat'l	0.5
American Nat'l Trust	0.5
Front Street Capital	0.4
CIGNA Invst. (Active)	0.0
Weststar Bank	−0.4
Mercantile Safe	−0.4
Princeton Bank (Collective)	−0.4
LB G/C	**−1.5**

1-year return

	%
UBS Asset (CMB)	12.4
NationsBank (Mtg. backed)	12.2
Bankers Trust (Short/inter.)	12.2
Union Capital	12.1
Key Trust Co. of the NW	12.1
Key Trust Co. of Alaska	12.1
CIGNA Invst. (Active)	12.0
Lake Shore Nat'l	12.0
Boatmen's Trust	11.8
American Nat'l Trust	11.8
LB G/C	**11.4**

5-year return

	%
NationsBank (Mtg. backed)	10.0
Cullen Bank	10.0
Key Trust Co. of the NW	9.4
Wellington Trust	9.4
CIGNA Invst. (Active)	9.3
Columbus Bank	9.2
First Commercial Capital	9.2
Harris Trust (Gain)	9.2
LaSalle Street (Gov't)	9.1
Princeton Bank	9.1
LB G/C	**8.9**

10-year returns

	%
CIGNA Invst. (Active)	13.6
First Nat'l Bank/Omaha (Ladder)	13.5
Columbus Bank	13.4
General American (Com. mtg.)	13.2
LB G/C	**13.1**
Chancellor Capital	13.0
Cullen Bank	12.8
Union Capital	12.7
Norwest Bank (Mgd.)	12.7
Valley Nat'l Bank	12.5
General American	12.4

Broad market

3-month return

	%
Wellington Trust (Emerg.)	4.3
Beverly Trust	1.9
Gary Wheaton Bank	1.0
LaSalle Street (Gov't/mtg.)	0.2
Frost Nat'l Bank	0.0
Merus Capital (Flexible)	0.0
Nat'l Westminster Bank	0.0
Calcasieu Marine Nat'l (E)	−0.1
Liberty Bank-Tulsa	−0.1
Investment Trust	−0.1
LB G/C	**−1.5**

1-year returns

	%
Wellington Trust (Emerg.)	24.4
Beverly Trust	16.4
Aetna Life (Inc. shares)	15.1
Prudential (Privest)	14.1
US Nat'l Oregon/Qualivest	14.0
The Phoenix (Mgd.)	13.8
Pacific Financial	13.8
First Nat'l Bank of Amarillo	13.6
First Tennessee Bank	13.4
Investment Trust	13.4
LB G/C	**11.4**

5-year returns

	%
Aetna Life (Inc. shares)	10.7
General American (Priv. place. B)	10.6
Beverly Trust	10.5
Pacific Financial	10.3
First Nat'l Bank of Maryland	10.2
J.P. Morgan Invst.	10.1
First Nat'l Bank of Amarillo	10.0
LaSalle Street (Gov't/mtg.)	10.0
Harris Trust	9.9
The Principal	9.9
LB G/C	**8.9**

10-year returns

	%
Meridian	15.4
Beverly Trust	14.8
Pacific Financial	14.6
First Nat'l Bank of Amarillo	14.6
IAA Trust	14.6
First Kentucky Trust	14.5
Prudential (Privest)	14.3
John Hancock (1D)	14.3
Colorado Nat'l Bank	14.2
Society Nat'l Bank	14.2
LB G/C	**13.1**

Long duration

3-month return

	%
First Variable Life (H.Q.)	−0.5
Prudential	−1.2
UBS Asset (CMB sec.)	−1.2
LB G/C	**−1.5**
Bank of Delaware	−1.7
IDS Trust	−1.9
Life of Virginia Aon	−2.0
Team Bank	−2.0
Sunburst Bank	−2.2

1-year returns

	%
Prudential	15.1
Life of Virginia Aon	13.8
Boatmen's Trust (Variable)	13.8
UBS Asset (CMB)	12.8
NationsBank	12.8
Lincoln Nat'l	12.5
State Street, James Invst. (D)	12.5
U.S. Trust Co. of N.Y.	12.4
LB G/C	**11.4**

5-year returns

	%
Equitable Capital (Strategic)	9.9
Prudential	9.6
U.S. Trust of N.Y.	9.6
UBS Asset (CMB sec.)	9.5
Boatmen's Trust (Variable)	9.5
United Capital	9.1
Life of Virginia Aon	9.1
LB G/C	**8.9**

10-year returns

	%
United Capital	15.8
Boatmen's Trust (Variable)	15.5
Life of Virginia Aon	14.9
Equitable Capital (Strategic)	14.2
First Variable Life (H.Q.)	13.6
NationsBank	13.3
SunBurst Bank	13.1
LB G/C	**13.1**
IDS Trust	11.6
Bank of Delaware	11.4

Other fixed-income

3-month return

	%
Connecticut Mutual Life	6.3
Capital Trust (GIC)	2.0
Bankers Trust (GIC)	1.9
Commerce Bank (Cap. preserv.)	1.8
LaSalle Street (Inc. plus)	1.[illegible]
Norwest Bank (Stable return)	1.7
Wachovia Invst. (GIC)	1.7
LB G/C	**−1.5**

1-year returns

	%
Connecticut Mutual (Dimension)	23.6
First Wisconsin Asset (Struc.)	15.9
Barnett Banks	12.3
Bessemer Trust	12.0
ASB Capital (Total return)	11.9
Bankers Trust	11.6
Travelers Corp. (Index)	11.1
I.B G/C	**11.4**

5-year returns

	%
First Wisconsin Asset (Struc.)	10.2
Bessemer Trust	9.3
ASB Capital (Total return)	9.3
Bankers Trust (Lehman Index)	9.2
Capital Trust (GIC)	8.9
LB G/C	**8.9**

10-year returns

	%
ASB Capital (Total return)	14.2
LB G/C	**13.1**
Bessemer Trust	12.9
IDS Trust	10.3

PIPER commingled fixed-income funds

Periods ended March 31

Overall fixed income

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.6	24.4	14.6	10.6	15.8
First quartile	**−0.4**	**12.2**	**12.0**	**9.2**	**13.4**
Median	−1.0	11.4	11.5	8.9	12.5
Third quartile	**−1.6**	**10.3**	**10.8**	**8.5**	**11.6**
Lowest return	−5.4	5.6	6.0	6.9	8.5
LB G/C	**−1.5**	**11.4**	**11.9**	**8.9**	**13.1**

Limited duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.6	23.1	13.4	9.5	13.0
First quartile	**0.5**	**11.1**	**11.2**	**9.0**	**11.9**
Median	−0.3	10.0	10.7	8.8	11.6
Third quartile	**−0.7**	**9.0**	**10.0**	**8.5**	**10.7**
Lowest return	−2.6	5.6	7.7	6.9	8.5

Intermediate duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	0.8	12.4	13.5	10.0	13.6
First quartile	**−0.4**	**11.8**	**11.7**	**9.1**	**12.7**
Median	−0.8	11.0	11.2	8.8	12.1
Third quartile	**−1.3**	**10.4**	**10.8**	**8.4**	**11.3**
Lowest return	−2.1	8.5	9.2	7.1	9.8

Broad market

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.3	24.4	13.7	10.7	15.4
First quartile	**−0.8**	**12.3**	**12.2**	**9.4**	**13.6**
Median	−1.3	11.8	11.8	9.0	13.0
Third quartile	**−1.7**	**11.3**	**11.4**	**8.6**	**12.3**
Lowest return	−2.5	8.0	7.8	7.1	10.0

Long duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	−0.5	15.1	14.6	9.9	15.8
First quartile	**−1.8**	**12.8**	**12.6**	**9.5**	**15.4**
Median	−2.3	12.3	12.1	9.1	13.6
Third quartile	**−3.0**	**11.0**	**11.1**	**8.5**	**11.9**
Lowest return	−5.4	7.9	9.8	7.4	11.4

JOHN HALL

PIPER commingled equity funds

Periods ended March 31

Overall equity

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	40.0	64.4	45.9	26.4	26.3
First quartile	**1.2**	**18.6**	**17.5**	**11.5**	**18.4**
Median	-1.4	12.5	14.8	10.4	17.0
Third quartile	**-3.1**	**10.1**	**12.6**	**8.9**	**15.6**
Lowest return	-8.0	1.0	-2.6	-1.9	10.2
S&P 500	**-2.5**	**11.0**	**14.8**	**10.4**	**18.2**
Russell 2000	7.5	21.0	10.9	6.1	14.4

Growth

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	40.0	64.4	45.9	22.6	26.30
First quartile	**0.5**	**21.8**	**20.5**	**12.6**	**18.8**
Median	-2.0	14.8	16.8	10.5	17.1
Third quartile	**-4.4**	**10.6**	**14.5**	**9.1**	**15.9**
Lowest return	-8.0	5.0	0.5	-1.9	10.2

Value

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.4	38.6	20.7	16.6	21.1
First quartile	**1.4**	**14.8**	**15.1**	**11.2**	**18.3**
Median	-0.9	11.5	13.3	10.0	17.0
Third quartile	**-2.6**	**8.6**	**12.0**	**8.6**	**15.7**
Lowest return	-5.9	1.4	-2.6	0.4	11.9

JOHN SMITHER

Reprints of articles appearing in *Pensions & Investments* are available.
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NYSE pushes multiple-class stock

Governance proposal might set standard for exchanges

By Anne Schwimmer

NEW YORK — The New York Stock Exchange again is preparing to allow the listing of multiple classes of shares with different voting rights as part of a new corporate governance proposal.

If approved, the proposal would set a standard for other exchanges nationwide and likely would be followed by a flurry of new stock issues with disparate voting rights.

Final approval of the Big Board's proposal rests with the Securities and Exchange Commission.

The SEC had banned such listings and attempted to enforce a one-share/one-vote rule in 1988, but this was nullified by a federal court in 1990. Institutional investors in the past have opposed multiple classes of stock with disparate voting rights, fearing such issues could be used to disenfranchise some shareholders.

The NYSE declined to release a copy of the proposal to *Pensions & Investments*. But according to David Domijan, executive vice president-new listings and corporate liaison for the NYSE, the draft protects the right of freely transferable shares and the importance of getting shareholder approval to create any new class of stock as well as "the principle of fundamental fairness, and that fairness is preserved by independent directors on the board."

In 1986, the NYSE attempted for the first time to gain SEC approval to allow its listed corporations to issue shares with unequal voting rights.

But in July 1988, the SEC formally adopted its one-share/one-vote standard and imposed it on the exchanges, which had been unable to agree on a joint voting rights standard. That rule was challenged by the Business Roundtable in September 1988.

Although a U.S. Court of Appeals subsequently ruled the SEC did not have the authority to impose the rule, it already had been adopted by the exchanges, which

See **NYSE** *on page 41*

ALICE GARIK

The New York Stock Exchange's proposal on disparate voting rights, if approved, could spark a flurry of new issues.

AT DEADLINE

SEC readies proposals

The SEC will provide a range of choices to employers for valuing stock options given to corporate executives in proposals to be unveiled later this month. Earlier, the SEC had favored adopting a single method for valuing options.

In addition, the SEC will propose requiring additional disclosure for boards whose compensation committees are not composed entirely of outside and non-interlocking directors.

International Paper hires

The $1.3 billion defined contribution plan of International Paper has appointed State Street Bank and Trust trustee and record keeper.

Air Force selects Wells

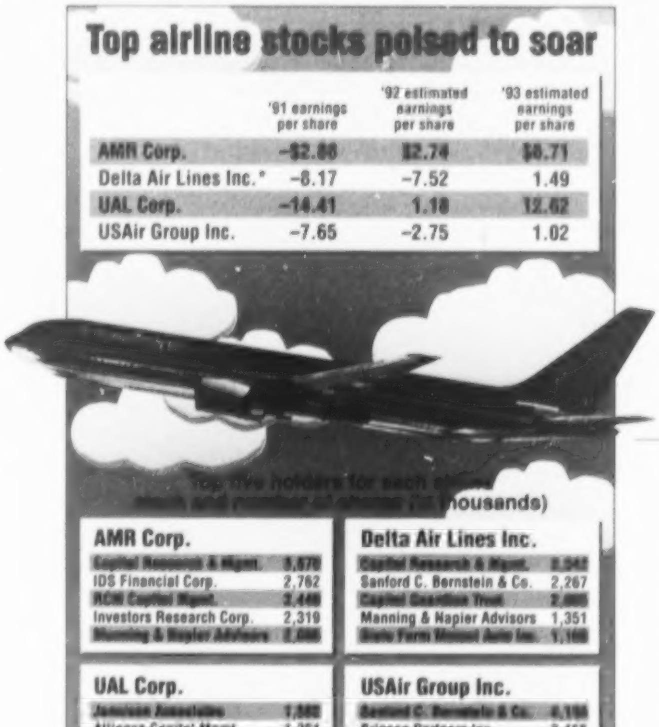
The $150 million U.S. Air Force Non-Appropriated Fund Employee Retirement Plan Trust hired Wells Fargo Nikko to manage a $20 million S&P 500 index fund, according to Roy H. Rainey, contract specialist. Wells is the fund's first index manager.

Realty appreciation dives

Properties in the Russell-NCREIF Property Index took a 12.1% capital value (or appreciation) loss for the year ended March 31, the sixth straight year of such losses.

Income edged up slightly, to 7.1% for the year ended March 31, from 6.73% a year earlier. The total return was −5.8% for the year ended March 31.

Air fare wars divide investors



Top airline stocks poised to soar

	'91 earnings per share	'92 estimated earnings per share	'93 estimated earnings per share
AMR Corp.	−$2.86	$2.74	$6.71
Delta Air Lines Inc.*	−8.17	−7.52	1.49
UAL Corp.	−14.41	1.18	12.62
USAir Group Inc.	−7.65	−2.75	1.02

Top five holders for each stock and number of shares (in thousands)

AMR Corp.	
Capital Research & Mgmt.	3,570
IDS Financial Corp.	2,762
RCM Capital Mgmt.	2,449
Investors Research Corp.	2,319
Manning & Napier Advisors	2,086

Delta Air Lines Inc.	
Capital Research & Mgmt.	[illegible]
Sanford C. Bernstein & Co.	2,267
Capital Guardian Trust	[illegible]
Manning & Napier Advisors	1,351
State Farm Mutual Auto Ins.	1,168

UAL Corp.	
Jamison Associates	[illegible]
Alliance Capital Mgmt.	1,361
Wellington Mgmt. Co.	1,084
Investors Research Corp.	811
Thomson Advisory Group	738

USAir Group Inc.	
Sanford C. Bernstein & Co.	[illegible]
Brinson Partners Inc.	3,156
Ohio State Teachers	[illegible]
Husic Capital Mgmt.	1,640
Equitable Life Assurance	[illegible]

*Fiscal year ends June 30
Sources: [illegible] Inc., New York; and CDA/Spectrum, Rockville, Md.

By Joel Chernoff and Curtis Vosti

The latest air fare war, seen as the war to end all fare wars by some analysts, has increased the interest in airline stocks by some institutional investors.

The fare cuts might hold a long-term silver lining for investors if the cuts accelerate consolidation of the industry, eliminate overcapacity and help shore up future air fares, revenues and profits, the money managers say.

But not all money managers are prepared to wait for the wounded carriers to die and profits for the survivors to improve. Some have accelerated their sales of airline stocks.

The fare cuts of up to 50% on summer travel, sparked initially by Northwest Airlines, sent airline stocks into a tizzy.

"The trend toward consolidation is in place," said Carol Lintz, analyst with State Street Research & Management Co., Boston, which had 1.28 million shares in Dallas-based AMR Inc. and 550,000 shares in Chicago-based UAL Inc. as of March 31. AMR is the parent of American Airlines; UAL owns United Air Lines Inc.

"This is the time to get interested in these stocks. I'd be buying more if I wasn't already over 1 million shares."

Ms. Lintz might not be buying,

See **Airlines** *on page 41*

Schroder goof costs $662,974

By Steve Hemmerick

Schroder Capital Management International had to pay the California Public Employees' Retirement System $662,974 for buying a stock banned from a South Africa-free portfolio Schroder manages for the fund.

That amount is believed to be one of the largest losses for a security purchased by mistake.

London-based Schroder sold the stock — **Matsushita Electric Industrial Co. Ltd.** — immediately upon discovering the error, but at a loss, and wired the California fund restitution in April.

Richard Folkes, a director with Schroder, said the mistake was "embarrassing." California system staff members described Schroder as "very cooperative."

The fund staff formally notified system trustees of the mix-up in mid-May.

DeWitt Bowman, California Employees' chief investment officer, said it was the most costly mistake "by far" he was aware of at the $68 billion fund.

From February through June 12 of 1991, Schroder purchased 666,000 shares of Matsushita for the $500 million international equity portfolio it manages for California. Matsushita is on the banned list of stocks sent to all of the fund's money managers because the Investor Responsibility Research Center, Washington, lists Matsushita as having operations in South Africa, Mr. Bowman said.

Schroder sold the stock immediately after discovering its error, on Jan. 31, 1992.

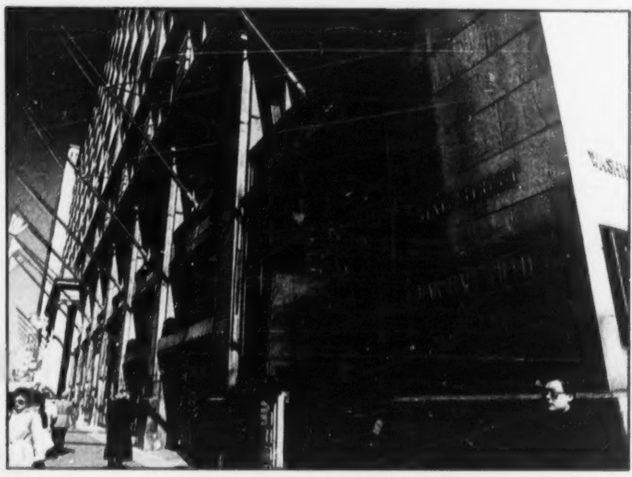
California fund officials, upon learning of the purchase and sale, first met with its custodian and consultant to calculate the loss, then with its legal department. Schroder then was asked for reimbursement.

Mr. Bowman said fund officials eventually would have uncovered the error had Schroder not found it.

Since the Matsushita incident — but not because of it — the system now has a computer program to spot investments in banned stocks and other errors, said Mr. Bowman.

Mr. Folkes declined to say how the error came about. But Mr. Bowman said computer software that screens out banned stocks frequently is used after, rather than before, a purchase is made.

NEWS DIGEST


MICHAEL A. MARCOTTE

Dayton Hudson Corp., owner of Marshall Field's & Co., didn't renew a controversial equity collar for its defined contribution plan, although the program was successful. Page 30.

Cone Mills Corp. employees challenge the company's IPO as part of an ESOP reform campaign. Page 26.

SPECIAL REPORT: ENDOWMENTS AND FOUNDATIONS

Changes being made in the portfolio asset mixes of foundations are more a result of long-term strategy than knee-jerk reactions to short-term volatility. Page 17.

A higher equity allocation is being used as a hedge against inflation by the nation's largest endowments and foundations. Page 17.

INTERNATIONAL

England's BICC Group pension fund is shifting its investment focus to tactical asset allocation and specialized management and away from a balanced approach. Page 4.

Oklahoma Gov. David Walters is expected to sign legislation to allow the state's public pension systems to invest in international securities. Page 28.

British and Dutch institutional investors are joining their U.S. counterparts in fighting European companies this proxy season. Page 43.

REAL ESTATE

Pension funds and managers fear a forced sale of Olympia & York Developments Ltd.'s Toronto properties could hurt neighboring office properties. Page 4.

Fund F participants will be voting on a plan that, if approved, would mean liquidation of the open-end commingled fund within seven years. Page 6.

Net-lease real estate, once the province of rich individual and taxable investors, is getting some serious new attention from pension funds. Page 28.

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Questionnaires in the mail

The questionnaires for *Pensions & Investments'* profiles of investment management software and data bases have been mailed. Any vendor of software or data bases aimed at pension fund executives, or the investment managers and investment consultants who serve them, who has not received a questionnaire should contact Dick Weissbrod at (212) 210-0793 immediately to receive a questionnaire.

Burlington sued on ESOP

Workers claim management got rich while plan suffered

By Hillary Durgin

Burlington Industries Equity Inc. executives and their financial advisers have been accused of overcharging the company's ESOP for its shares while they profited and received certain protections at the expense of employees.

A class-action suit filed in federal court accuses officers of the Greensboro, N.C.-based textile company and its lead investment bank — Morgan Stanley Group Inc., New York — of violating their fiduciary duties over the course of several transactions. According to the Amalgamated Clothing and Textile Workers Union, which advised the Burlington employees, these transactions netted company executives and their advisers more than $600 million in fees, dividends and bonuses.

Meanwhile, the union claims the value of the employee stock ownership plan shares plummeted more than $38 million in six months and the employees' voting control has been diluted to 3% from 49% before the company went public in March.

"Instead of watching out for the Burlington employees (vis-a-vis their interest in the ESOP), the banks and Burlington executives enriched themselves," said Michael Zucker, national field director for the textile workers union, who was commenting on the allegations.

In a statement, the company said the charges have no merit and echo arguments the union used during a recent unsuccessful organizing campaign.

In addition, some observers said the charges of fiduciary violations involving the Burlington ESOP — which reportedly is being reviewed by the Department of Labor — further underscore concerns about the viability of ESOPs as employee benefit vehicles.

"ESOPs as a vehicle for worker ownership are truly a fable," said Randy Barber, president of the Center of Economic Organizing, Washington, and a financial consultant to unions.

The lawsuit, filed in U.S. District Court, Eastern District of Arkansas, Pine Bluff Division, covers transactions spanning the period from the 1987 leveraged buy-out — led by Morgan Stanley — through a March public stock offering under which the company sold 57,000 shares of common stock for $14 each. The key charges relate to how the ESOP was operated.

The charges include breach of fiduciary duties, violation of Employee Retirement Income Security Act exclusive benefit rules, engaging in prohibited transactions at the expense of the ESOP and harming the ESOP and managing its affairs imprudently.

Among the charges, the lawsuit alleges that Burlington and Morgan Stanley officers received ESOP shares on more favorable terms than employees. In addition, management received a special guarantee against future losses, the suit said.

The Burlington ESOP was established in July 1989, two years after the leveraged buy-out that gave Morgan 100% of the voting stock for $46 million, or $10 per share, the suit said.

The ESOP purchased 35.5% of the voting stock at $37.80 per share through a $112.5 million loan. Management acquired 1.3% of the voting shares at the same share price as the ESOP; Morgan Stanley's stake fell to 50.3% of the voting shares.

The $37.80 figure is almost four times what Morgan Stanley paid for the stock and about four times the $13 per share price at which the stock has been trading recently, according to the suit.

(The current share price reflects a three-for-two reverse split prior to the public offering.)

"This management purchase of stock was actually an utter sham: At the same time that they 'paid' $37.80 per share, the defendants took numerous steps to protect and profit themselves," the suit said.

Soon after the stock purchases,

See **ESOP** *on page 39*

Sharpe set to shut firm at year end

By Anne Schwimmer

LOS ALTOS, Calif. — Nobel laureate William F. Sharpe is shutting down his consulting business and returning to Stanford University to devote more time to expanding his theories to include international investment decision-making.

"At the end of December, we're literally closing the firm," said Mr. Sharpe, who founded his firm — William F. Sharpe Associates — in 1986.

He said he expects to maintain advisory relationships with some of his 12 clients, including Nikko Securities Co. Ltd., Tokyo.

Mr. Sharpe said his move into consulting was prompted by his keen interest in how to apply finance theory to real world needs. Over time, however, the demands of his firm began to subsume his first love: research.

"It's not that I haven't been doing research, it's just that over time the consulting has crowded out the research," he said.

"What I want to do now is get really serious about the truly global views of asset management."

Mr. Sharpe said that research will include an examination of how investors make their global investment decisions, which is above and beyond his earlier work on how investors make decisions regarding domestic investments.

"One way to think of it is, 'I've got this money and I could put it in French growth stocks or in U.K. long bonds.' It involves both the country and the kind of instrument, as well as currency issues, and so the question then is how can you create a world view of this," Mr. Sharpe said.

LINDA SUE SCOTT

Bill Sharpe is returning to Stanford to conduct research on international investing.

Also in the works are plans for two books, Mr. Sharpe said.

One of his employees — Mark Friebel, director of operations — is joining Wells Fargo Nikko where he will work with the group there that uses William F. Sharpe Associates' software. In addition to Mr. Sharpe and his wife, the firm has four other employees, all of whom are "being courted as we speak," Mr. Sharpe said.

Mr. Sharpe was awarded a Nobel Prize in 1990 for his pioneering work in financial economic theory. ▪

Funds get new hotel partners

By Terry Williams

BOSTON — Former baseball commissioner Peter Ueberroth and hotel executive Richard Ferris have joined the pension funds of General Electric Co. and Unisys Corp. as partners in the Guest Quarters Hotel Limited Partnership.

With their new partners, the pension funds will be changing the direction of their involvement with Guest Quarters. In GE's partnership — with developer The Beacon Cos. — the partners were involved in both developing and managing the hotels. Now they only will manage the properties.

The partnership owns no hotels. The GE pension fund, however, owns three hotels it purchased from Beacon when Beacon left the first partnership, said Alan Leventhal, managing partner at Beacon.

Messrs. Ueberroth and Ferris made an undisclosed equity investment in the partnership. Neither they nor officials of the GE and Unisys pension funds would say how much each partner has in the partnership.

Beacon and GE first teamed up in December 1989 in General Electric Hotels Partners I. "The strategy back in the late '80s was for (Beacon) to develop third-party owned hotels and for Guest Quarters to manage them," said John Myers, executive vice presi-

See **Hotels** *on page 42*

SOCIAL INVESTING

CREF adds environmental factor to stock equation

■ The College Retirement Equities Fund has added an environmental screen to its Social Choice Account that will exclude companies engaged in activities that result, or are likely to result, in significant environmental damage.

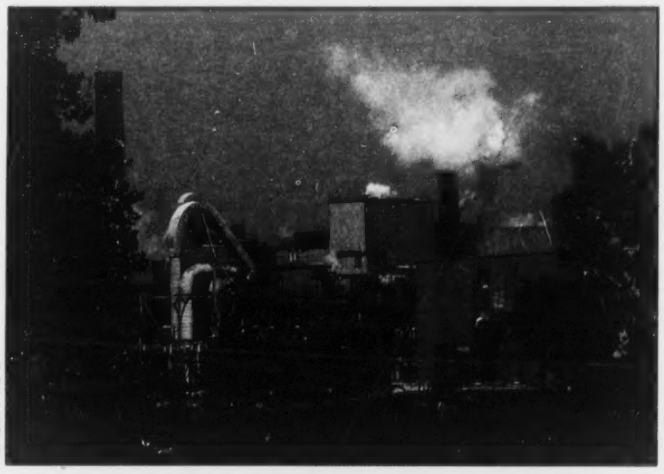
The new screen will be used by CREF to assess a company's environmental history, including its record of fines and civil suits relating to air, water, noise and land pollution; its levels of toxic emissions; and its potential liability for hazardous waste disposal sites. CREF will use the services of environmental performance consultants, Kinder, Lydenberg, Domini & Co. to aid in its evaluation of potential companies for investment.

The Social Choice Account, with more than $200 million in assets, already screens investments to exclude companies that have economic ties to South Africa; have operations in Northern Ireland and haven't adopted the MacBride Principles; produce nuclear energy; are significantly involved in weapons production; or produce and market alcoholic beverages and tobacco.

CREF, the equity investment component of the $104 billion TIAA-CREF fund, New York, also announced it will introduce an active global equities account to participants July 1. The fund will invest in a broadly diversified portfolio with targets of at least 50% of assets invested in foreign securities and 25% in U.S. securities.

The fund will be seeded with $50 million allocated from TIAA cash assets.

— *Christine Philip*



ANTHONY F. FICKE

A company's impact on the environment is now one of the stock screens used by the College Retirement Equities Fund.

REAL ESTATE

Securities fund provides liquidity

■ Lend Lease International Realty Advisors Inc., San Francisco, is offering pension funds virtually an index fund for global real estate securities investment.

By investing in its new fund, Lend Lease Global Property Securities Fund L.P., investors have access to investment in 189 publicly traded real estate securities in 20 countries, said Simon W.R. Snellgrove, president of Lend Lease International Realty

The fund, he said, frees the pension fund investor from a number of current problems associated with traditional real estate investment. For example, he said, publicly traded real estate securities — real estate companies and real estate investment trusts — are priced daily, instead of quarterly or once a year.

Also, investors can get out of the partnership in 90 days, not years later, he said.

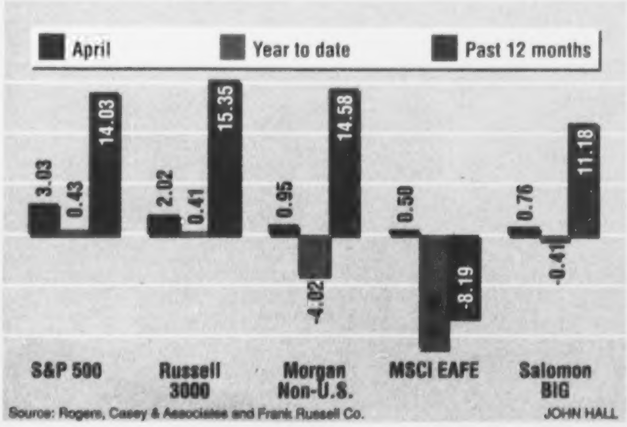
Mr. Snellgrove describes the partnership as an "actively enhanced passive" fund. He said the partnership weights its investment to mirror country real estate values. The partnership also avoids low-grade real estate. The limited partnership will invest in property securities from a universe with a total market capitalization of $137 billion.

Lend Lease currently manages $60 million in real estate for a sister company MLC Life Insurance Co., Sydney, Australia.

— *Steve Hemmerick*

Pensions & Investments' indexes

The P&I monthly indexes track changes in the Standard & Poor's 500 Stock Index, Frank Russell Co.'s Russell 3000 Stock Index, the J.P. Morgan Non-U.S. Government Bond Index, the Salomon Brothers Broad Investment Grade Bond Index and the Morgan Stanley Capital International Europe Australia Far East Index.



Source: Rogers, Casey & Associates and Frank Russell Co. JOHN HALL

INTERNATIONAL

U.S., U.K. fund approaches differ

■ Institutional investors in the United States and the United Kingdom use very different methods for investing in European equities, according to a study by Makinson Cowell, a London investor relations company, and the Financial Times.

The study covers 96 internationally minded fund managers, with an average portfolio size of $10 billion.

A U.K. investment company judges a potential portfolio company more heavily on personal meetings with its senior management, research by brokerage firms and contacts with broker analysts. A U.S. investment firm relies less on all these, and instead the annual report and personal meetings tie for first place.

Active investment management styles are most popular on both sides of the Atlantic. Of the 14% of U.K. and U.S. equities managed passively, more passive management is done by U.S. money management firms.

Investing in a company's shares was twice as popular among U.S. fund mangers as buying a company's American depository receipts. Only 11% of U.K. fund managers say a London listing would make them more likely to buy a company's shares.

If a European company opts for a continuous on-line London listing such as SEAQ International in London, some 52% of U.S. fund managers would be more likely to buy its shares, but only 28% of U.K. managers.

While the survey shows many differences in approach, common ground was found in corporate information and potential barriers to ownership. Germany is singled out, with 72% of U.S. investors and 59% of U.K. investors claiming availability of information there is an obstacle.

— *Aidan O'Sullivan*

MINORITY FIRMS

Hirsch questions minority emphasis

■ Plan sponsors' efforts to increase opportunities for minority- and women-owned investment management firms by according them special treatment is bull, according to Michael D. Hirsch, chief investment officer of M.D. Hirsch Investment Management Inc., New York.

Mr. Hirsch, in his recent newsletter, contends these firms have not been discriminated against.

"Is there any body of documented evidence that heretofore qualified minority managers were being discriminated against, that quality managers could not find employment in mainstream firms because of race, color, creed or sex?" asked Mr. Hirsch.

"That minority-owned firms were not being retained simply because they were minorities? Bull."

Mr. Hirsch questions what is a minority.

"What we are talking about here are politically correct minority groups," he said. "The ones to whom progressive public officials must pander; the ones whose names fill in the blank in 'Some of my best friends are ———.' "

According to Mr. Hirsch, these variables have manifested themselves in a number of abuses to the system. These include:

- a former Mexican-American mayor of a Texas city, with no investment background, starting an investment management firm that relies on another firm to provide asset management;
- a county retirement system in Maryland carving out "a block of assets" for majority-owned firms with minority participation; and
- two white males operating a firm that qalifies as minority because the person who supplied the capital is from Puerto Rico.

— *Terry Williams*

SALARIES

Manager raises still above average

■ Investment management professionals have little to complain about when it comes to their pay, a new study shows.

The study by Callan Associates Inc., San Francisco, shows investment industry executives' compensation grew 10% last year, well above the 5% growth rate of all U.S. industries and the 2.8% inflation rate.

But it's understandable if managers feel a bit let down; in the heyday of the bull market, compensation grew at a heady 22%.

Real estate managers' average compensation growth — base salary plus bonus — saw the biggest change. While in 1990 real estate managers' compensation grew 18.7%, last year real estate professionals saw only an average 6.5% increase.

Among other survey findings:

- Total compensation takes an average of 52% of the total revenue of the firms surveyed.
- Eighty-five percent of those surveyed have an annual incentive bonus program. The size of the bonuses ranged from zero to 350%.
- Only one-quarter of the respondents put a cap on the compensation individuals can earn.
- Domestic equity and fixed-income managers appear to be equally well compensated, although equity managers seem to receive higher bonuses and fixed-income managers, higher base salaries.

Callan surveyed 100 investment management firms representing $217 billion in assets.

— *Elizabeth Karier*

Investment industry compensation trends

(1991 mean average salary + bonus; $ thousands)

Position in firm	Domestic firm	Real estate firm	International firm
CEO/managing partner	$497	$295	$413
Sr. investment committee	212	232	265
Sr. marketing executive	150	169	156
Sr. portfolio managers	164	111	150

Source: Callan Associates Inc., San Francisco JOHN HALL

PROXIES

Changes in proposals lure support

■ Many companies are agreeing to modify proposals in their proxy statements to win the voting support of activist pension funds.

More than six companies have agreed to observe the proxy voting guidelines Institutional Shareholder Services Inc., Washington, follows in making voting recommendations after the firm warned failure to do so would result in ISS' recommending clients vote against the proposals.

Travelers Corp. was the first company in 1992 to agree to observe compensation guidelines. Other companies agreed to follow guidelines, most dealing with executive compensation, include Minnesota Mining and Manufacturing Co.; Aluminum Co. of America; J.P. Morgan & Co.; Central and South West Corp.; Morgan Stanley Group Inc.; and Chubb Corp.

"This development underscores the influence that institutional voting has on corporate policy, as well as the legitimacy of such institutional involvement," said a bulletin by ISS.

— *Marlene Givant Star*

New spending policy aids funds in hard time

By Christine Philip

A shift to total-return spending policies is part of the reason many endowments, especially the larger ones, are coping reasonably well in today's tougher economic climate.

While many of the larger endowments changed years ago to total-return spending and diversified portfolios, however, smaller endowments and those still using income-based spending policies are just considering it now.

"Endowments need to move to total return. Of the 350 or so endowments that I'm aware of, no more than 25% have not moved on to total return spending, but that is still a significant number of colleges," said William McCarron, principal with the consulting firm Prime Buchholz & Associates Inc., Portsmouth, N.H.

Total-return spending policies take into account appreciation/depreciation, capital gains or losses, income received and the market value of the assets when calculating payouts. An income spending policy allows for a payout based only on income received in a given year.

June Debatin, director of international asset services for Wyatt Asset Services, Atlanta, said: "The issue of total return spending impacts how a portfolio is constructed because it allows for diversification outside fixed income. If spending is kept down to 5% or below, and an asset strategy is set which allows capital growth through a greater equity allocation, then the corpus begins to grow. As it grows, the spending increases because the principal is increasing."

While many universities are experiencing general budget problems, the endowments of larger universities have not, in general, made drastic changes in response to pressure from administrations. Most continue to aim for higher investment returns, to control spending and to cut costs wherever possible. Capital campaigns are ongoing and have been successful, say endowment managers, adding significantly to endowment income, despite tougher economic times for donors.

"Cutting costs, raising charges, increasing the distribution from permanent capital funds and doing less than you want to do are all elements available to universities for dealing with operating issues and pressures," said Allan S. Bufferd, deputy treasurer and director of investments at Massachusetts Institute of Technology, Cambridge, which has about $1.4 billion in its fund. "There are clear operating pressures on M.I.T., as there are on all universities, but the pressure is not so much on investment returns, as on distribution of payouts from the endowment that will make a difference in the university's operating climate."

Like most large endowments, M.I.T.'s investment policy has not changed in response to university pressures. "We continue to steer the investment policy to enhance total return, with appropriate risk, not to increase assets available for payout to the university for operating expenses," Mr. Bufferd said.

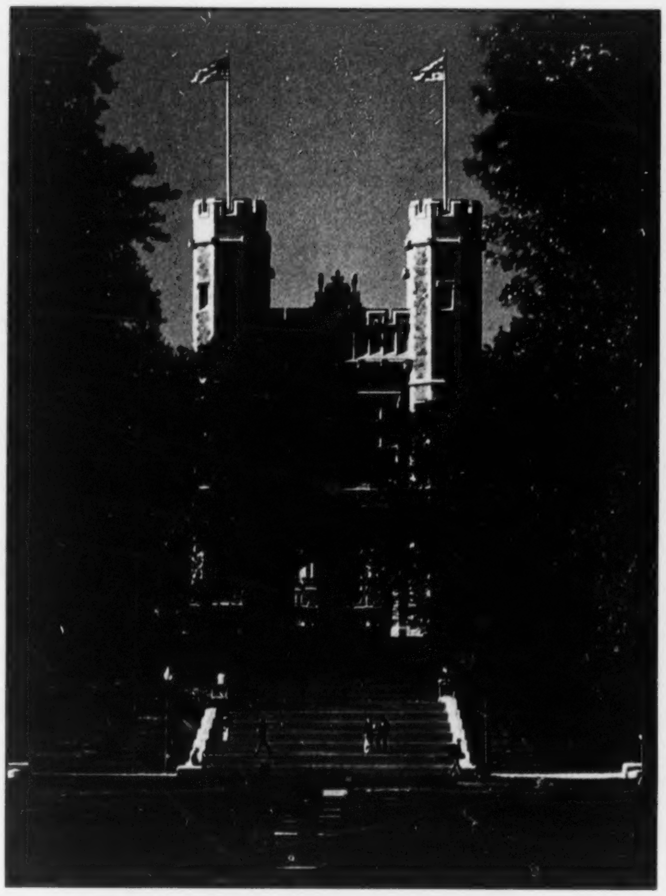
Pam Joachimi, vice president of the consulting firm Wellesley Group Inc., Waltham, Mass., said: "Our clients all have a long-term investment view and are focused on total return and in establishing a spending plan, and are not deviating from it. They are holding onto their policies through thick and thin and are not pulling back from making more diversified investments."

"For the most part, our clients do not seem to be feeling pressure from their administrations to make major changes or to spend more," she added.

John Goodrich, president and chief executive officer of Colonial Consulting Corp., New York, said, "I think endowment managers are coping well across the board, at both large and small funds. They can have a hard time holding their investment position, but for an investment posture to succeed, it has to be long term in vision. In theory, an endowment is forever and has to be managed in perpetuity."

Mr. McCarron said: "In present times, difficulty arises for those endowments which still have an income-based spending policy, spending only the interest and income gained each year. In times of pressure to generate more income, these endowments tend to overallocate to fixed-income instruments. This is a negative policy for the long term, because the fund won't keep pace with inflation and will lose real purchasing power, possibly eroding the principal."

See **Spending** *on page 19*



Washington University in St. Louis is completely restructuring its $1.6 billion endowment to increase diversification.

Stocks used as a hedge for inflation

By Sabine Schramm

As a long-term hedge against inflation, the largest foundations and endowments commit on average 15% more to equities in their asset allocations than pension fund sponsors.

The average equity allocation of the 15 largest foundations is 61.4%, and for the 15 largest endowments, 50.7%, while the top 200 defined benefit plans' average allocation to stocks was 48.6%.

A larger commitment to equities tends to point to long-term stability, said Mike Miller, vice president at Colonial Consulting, New York. Mr. Miller said endowments and foundations generally are less diversified but have a larger commitment to equities than pension funds. "It is a proven way in the long term to beat inflation," he said.

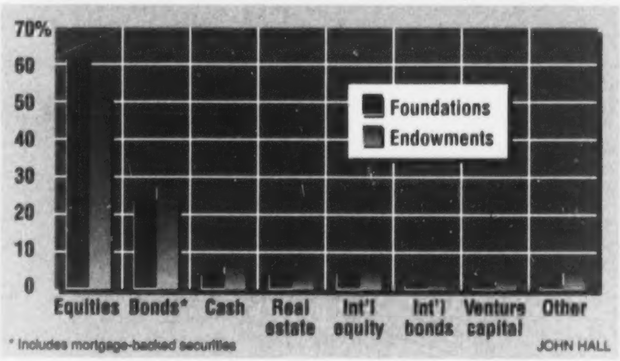
Of the 42 endowments and foundations in Colonial's data base, the median stock allocation for endowments on March 31 was 56%, and for foundations, 53%.

On a perpetual basis, foundations must pay out 5% of their market value to maintain tax-exempt status, according to Internal Revenue Service regulations.

Foundations must earn the 5% for the payouts as well as enough to offset inflation, explained William Imhoff, chief investment officer of the $4 billion Robert Wood Johnson Foundation, Princeton, N.J. "Over time, studies show that stocks beat bonds in returns," he said explaining the use of stock as an inflation hedge. The 5% payout income could be generated by bonds, he added.

Where's the money?

(Average asset mixes of the top 15 endowments & top 15 foundations)



* Includes mortgage-backed securities

JOHN HALL

The Johnson foundation's asset mix as of Dec. 31 was 69% stocks, 21% bonds, 1% cash and 9% mortgage-backed securities.

With dividends down and interest rates low, endowments are finding capital appreciation of assets is not enough to maintain principal, and they are faced with changing how much they spend or changing their asset allocation, according to Neil T. Johnson, managing director of Hamilton & Co., New York.

Part of the larger allocation to stocks by foundations and endowments can be accounted for by founder stock. Peculiar to both foundations and endowments, founder stocks can make up most of the funds' equity commitment, particularly for foundations, explained Mr. Imhoff. At the Johnson foundation, for example, founder stock represents 64% of total assets.

Donations also represent a substantial portion of some endowments, although not as large as foundations, according to Mr. Johnson. "Contribution campaigns have gotten very creative," he said. Mr. Johnson said donations include life income of whole life insurance policies and custody of stock assets with the restrictions the stock can't be sold.

Foundations and endowments can't match their assets with future liabilities as specifically as pension funds, explained Mr. Miller. "There is a struggle between what they can do today and what they need to protect the trust for the future," he said. ■

Foundations hold to investment plans

Asset mixes stress long-term horizons

By Terry Williams

When perpetuity is the investment time horizon, it takes more than an overvalued stock market, abysmal returns on real estate and falling interest rates to cause structural changes in foundation portfolios.

Likewise, in times of increased need, foundations don't increase their amount of grant-making in the wake of increased demand.

For private foundations, the Internal Revenue Service requires grants of at least 5% of of total assets annually. The exception to that rule, however, is community foundations. These foundations, like the $700 million Cleveland Foundation, Cleveland, make grants from dividend and interest earnings, according to Philip T. Tobin, chief financial and administrative officer.

"Most of my colleagues that I speak to have a feeling that there is increased risk out there due to uncertainties," said Lawrence Landry, vice president and chief financial officer of the $3.2 billion John D. and Catherine T. MacArthur Foundation, Chicago.

"Foundations, the well-managed long-term ones, are not traders," Mr. Landry said. "They won't overreact to what's happening today.

"The long-term fundamentals haven't changed much in the last year. So not much has changed.

"We tend to be more reserved in our response because we are longer term."

Foundation treasurers interviewed by *Pensions & Investments* concede evolutions are occurring in their portfolio asset mixes, but only as part of a long-term strategy.

At the MacArthur Foundation, for instance, one-third of the assets is in real estate, of which two-thirds is undeveloped land, according to Mr. Landry.

The foundation is reducing its real estate exposure, but is taking the longer term approach that real estate investment advisers have told their pension fund investors is necessary.

"One-third is too high, but we won't give it away," said Mr. Landry. "We were created in 1979 and have been selling (real estate) since then," he said. About two-thirds of the fund's $700 million in assets was in real estate in 1979.

The $400 million Henry J. Kaiser Family Foundation, Menlo Park, Calif., is investigating alternative investment opportunities that would earn it incremental returns, but that search is being done within the context of a long-term perspective, said Bruce W. Madding, vice president.

See **Mixes** *on page 19*

Spending

Continued from page 17

Spending limits for the larger endowments interviewed are based on total return and hover around 5%, calculated on a three-year rolling average of market value. Most universities interviewed do not intend to change their spending policies.

Emory University, Atlanta, with about $1.7 billion in its endowment, is typical in basing its spending limit on total return, with a payout range between 4.5% and 5.5% of the market value of its assets. "We look at what is reasonable to spend, factoring in inflation," said M. Wayne Coon, associate vice president for endowment investments.

Harvard University "has a very diversified portfolio, definitely more so than the typical university," said Jack Meyer, president and chief investment officer of Harvard Management Co., Boston, which manages the $5.5 billion endowment for the university. Harvard's portfolio includes more traditional investments — domestic and international equities, domestic and international fixed income, real estate — as well as commodity-based investments (oil, gas, timber, agriculture and mining), venture capital and distressed securities.

All of the larger universities interviewed hold well-diversified portfolios, with allocations in equity and fixed-income vehicles as well as in a variety of other investments, including real estate, international, special situations and venture capital.

Figures from Foundation and Endowment Research and Information Systems Inc., Atlanta, for the 1990-'91 fiscal year ended June 30 showed an average investment yield for an independent university's endowment fund at $1.2 million. For church-affiliated schools, the average yield was $1.1 million, and for public institutions, $562,000.

Most universities traditionally have looked for ways to keep costs down in the management of funds. James A. Sanderson, senior investment officer at Cornell University, Ithaca, N.Y., with about $1 billion in endowment assets, said: "We have always run a very tight ship. We have the same number of investment staff as we did 20 years ago, but we certainly run a lot more money now."

Only 10% to 15% of endowments use performance fees for their managers, said Mr. McCarron of Prime, Buchholz. "There was a big push for it about three years ago, but it hasn't taken on any additional momentum."

Harvard's Mr. Meyer, however, is a big fan of performance-based fees. "About 10% of our assets are managed externally, and those managers are on a performance-related fee schedule," he said. "Even for our internal staff, compensation is closely linked to performance." Mr. Meyer added internal management costs "are also watched very carefully."

Washington University in St. Louis, with about $1.6 billion in endowment assets, is undergoing a complete restructuring of its portfolio, moving to greater diversification. "We shifted our investment policy from the short term to the long term, moving into equities, making greater allocations to alternative investments and giving considerably less discretion to our fixed-income managers, giving them much more explicit directions about duration and quality constraints," said Richard Anderson, vice chancellor for finance. "We have also moved our indexed equities away from the (Standard & Poor's 500 Stock Index) to cover the whole market."

Washington University also is "trying to squeeze every nickel out of the endowment that we can and to save every penny in cost wherever possible," said Mr. Sanderson. Cost savings by the end of the fiscal year ended June 30 are expected to total $500 million. A number of new managers will be added and current managers reviewed carefully for fit with the new policy and for fee structure.

Many smaller colleges and universities are experiencing significantly different problems from larger endowments.

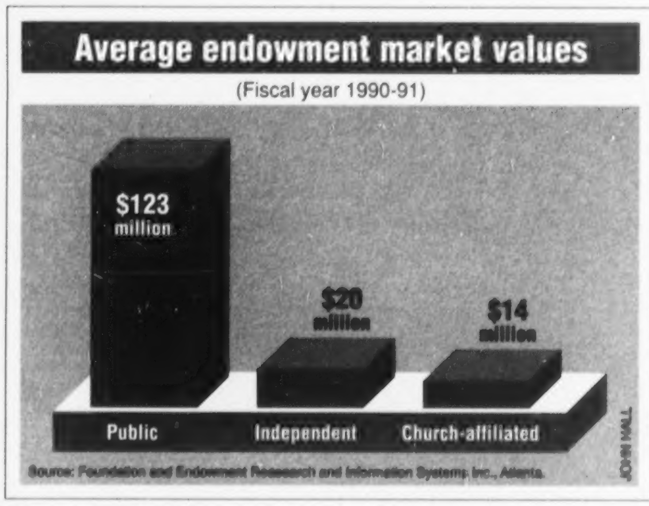
Tammy Martin, president of Foundation and Endowment Research, said: "For smaller schools, there is a great deal of emphasis on overall strategic planning leading to enhanced revenue and income increases. There is tremendous pressure from trustees to produce five-, 10-year and even longer term investment projections."

Wyatt's Ms. Debatin said of smaller endowments: "You must separate consideration of small schools from the big ones. All schools are having tough times now, but small funds have not moved as quickly to the use of total return spending, as have larger institutions, but that has been changing rapidly during the past five years. There is no question but that total return spending is the way to go."

Some smaller endowments, however, are matching the larger ones in sophistication. Concordia College, Moorhead, Minn., has an endowment fund of about $34 million. Clyde E. Allen, treasurer and vice president for business affairs, said: "The key to our endowment plan was laid out in a 10-year financial plan. We have been looking to reach a certain dollar per student of the endowment plan by the mid-1990s."

The plan uses total return spending, which averages about 6% of current value, has a diversified asset allocation — 55% equities, 40% fixed income and 5% cash — and "is very tight with costs," said Mr. Allen. "By concentrating over the years on controlling costs, we feel that we are in good shape. We have a reputation for offering a very high quality education and spend less to do it." In the last budget, the college was able to save $300,000 through cost-cutting measures.

Smaller endowments have benefited from use of The Common Fund, Fairfield, Conn., which was chartered by Congress in 1971 to manage education-related endowment funds. The fund manages about $7 billion in endowment assets for 1,000 universities and colleges. It also manages an additional $8.5 billion in operating funds and cash reserves for educational institutions. ■



Source: Foundation and Endowment Research and Information Systems Inc., Atlanta.

Mixes

Continued from page 17

Among the areas the fund has examined — but in which it has yet to invest — are derivatives, hedge funds and global securities.

"In our case, we have sought out the incremental return by seeking out these different investment vehicles," said Mr. Madding.

Foundations' long-term approach to investment management might best be typified by the William and Flora Hewlett Foundation's handling of the stock of the Hewlett-Packard Co.

According to William F. Nichols, treasurer of the Hewlett Foundation, Menlo Park, Calif., one-third of the $800 million overall portfolio is in Hewlett-Packard stock.

The foundation received most of the shares in the 1970s, in the settlement of Flora Hewlett's estate.

When the foundation began selling off the stock six years ago, the equity portfolio was two-thirds in Hewlett-Packard stock.

"Our program basically involves selling small amounts consistently over time," said Mr. Nichols. "It's not something in which we say 'the market is right, let's sell some.' "

Although grant-making might not change as a percentage of the portfolio, some foundations will change the sectors to which they make grants.

The $345 million Commonwealth Fund, New York, primarily funds the health-care area, but in the past few years it has made grants in youth and manpower development, areas it believes is of increased importance, said John E. Craig, vice president and treasurer.

Foundation boards have joined pension funds in their efforts to keep costs down, but several executives, citing their smaller asset size, said they are not able to exact the concessions on fees that pension funds do. "Foundations in general are less pro-active here because of so little clout," said Mr. Craig. "We are not billions of billions of dollars." ■

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FOUNDATIONS

The Annenberg Foundations

	($ millions)
Total assets*	1,303

**From The Foundation Directory*

ST. DAVIDS, Pa. — As of June 30, 1991, The Annenberg Foundations' total assets were $1.303 billion.

Carnegie Corp. of New York

	($ millions)
Total assets	1,000
Asset mix:	
U.S. stocks	44%
U.S. fixed income	26.8%
Cash equivalents	4.9%
Real estate equity	1.5%
Foreign stocks	11.1%
Foreign fixed income	8.3%
Venture capital	1.6%
LBOs	1.8%

NEW YORK — As of Dec. 31, the Carnegie Corp. of New York's total assets were $1 billion.

The external investment managers included: Brinson Partners; Capital Guardian; Cumberland Partners; Institutional Partners; Miller, Anderson, Sherrerd; J.P. Morgan Investment and Omega Partners.

The key person overseeing fund investments is Jeanmarie C. Grisi.

The Duke Endowment

	($ millions)
Total assets	1,211
Internally managed assets	1,105
Asset mix:	
U.S. stocks	87.5%
U.S. fixed income	8.7%
Cash equivalents	3.1%
Real estate equity	0.5%
Foreign stocks	0.2%

CHARLOTTE, N.C. — As of Dec. 31, The Duke Endowment's total assets were $1.211 billion.

The external investment managers are Advent Realty; Grantham, Mayo, van Otterloo; JMB Institutional Realty; Pacific Financial Research; and Trevor, Stewart, Burton & Jacobsen.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is John G. Mebane.

Ford Foundation

	($ millions)
Total assets	6,481
Internally managed assets	4,681
Hedging devices used	
Stock index futures	
Asset mix:	
U.S. stocks	43%
U.S. fixed income	31.6%
Cash equivalents	5.3%
Real estate equity	2.5%
Foreign stocks	9.2%
Foreign fixed income	7.2%
Venture capital	1.2%

NEW YORK — As of Dec. 31, the Ford Foundation's total assets were $6.481 billion.

The external investment managers are Alliance Capital; Baring; Cursitor-Eaton; INVESCO; Scudder, Stevens and Clark; and Templeton.

The key person overseeing fund investments is John W. English.

J. Paul Getty Trust

	($ millions)
Total assets*	3,982

**From Nelson's Plan Sponsor Database*

SANTA MONICA, Calif. — As of September 1991, J. Paul Getty Trust's total assets were $3.982 billion.

The external investment managers are John W. Bristol; Discount Corp. of New York; INVESCO; Jennison; Mercator; Miller, Anderson & Sherrerd; PIMCO; RCM Capital; and Wellington Management.

The key person overseeing fund investments is Joseph Kearns.

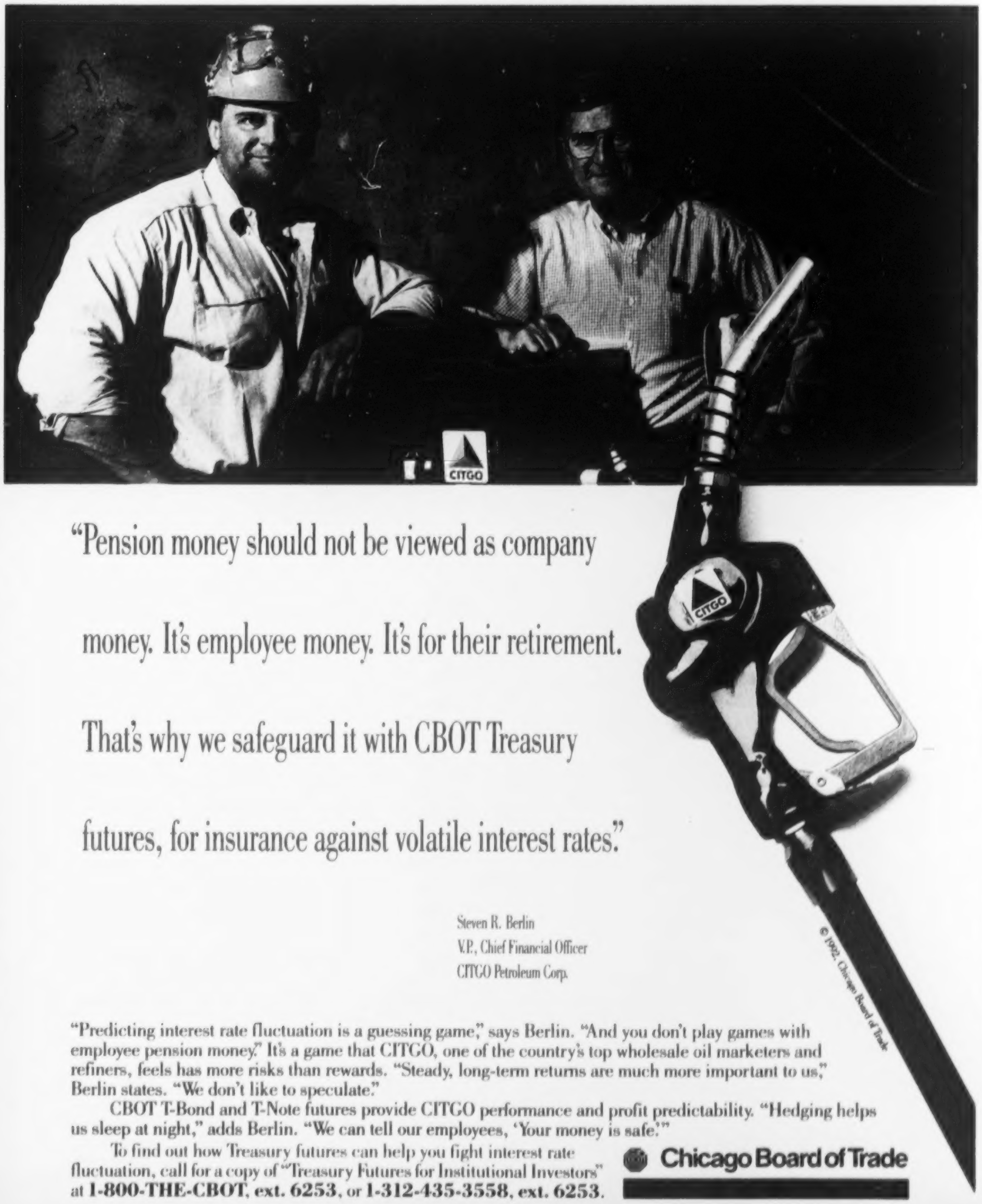
Robert Wood Johnson Foundation

	($ millions)
Total assets	4,000
Internally managed assets	3,965
Asset mix:	
U.S. stocks	69%
U.S. fixed income	21%
Cash equivalents	1%
Mortgage-backed securities	9%

PRINCETON, N.J. — As of Dec. 31, the Robert Wood Johnson Foundation's total assets were $4 billion.

The external investment manager is Miller, Anderson & Sherrerd.

The key person overseeing fund in-



"Pension money should not be viewed as company money. It's employee money. It's for their retirement. That's why we safeguard it with CBOT Treasury futures, for insurance against volatile interest rates."

Steven R. Berlin
V.P., Chief Financial Officer
CITGO Petroleum Corp.

"Predicting interest rate fluctuation is a guessing game," says Berlin. "And you don't play games with employee pension money." It's a game that CITGO, one of the country's top wholesale oil marketers and refiners, feels has more risks than rewards. "Steady, long-term returns are much more important to us," Berlin states. "We don't like to speculate."

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Chicago Board of Trade

© 1992, Chicago Board of Trade

vestments is William C. Imhof.

W.K. Kellogg Foundation Trust

	($ millions)
Total assets*	3,509
Asset mix:	
U.S. stocks	82.8%
U.S. fixed income	10.8%
Cash equivalents	5.4%
Other	1%

**From Nelson's Plan Sponsor Database*

BATTLE CREEK, Mich. — As of September 1991, W.K. Kellogg Foundation Trust's total assets were $3.509 billion.

The external investment managers are Beutel Goodman; First Manhattan Capital; Jundt Associates; Lieber & Co.; Morgan Stanley Asset; Neuberger & Berman; Northern Capital; Roanoke Asset; and Strong/Corneliuson Capital.

The investment consultant is Hewitt Associates.

The key person overseeing fund investments is William W. Fritz.

The Kresge Foundation

	($ millions)
Total assets*	1,282
Internally managed assets	64
Asset mix:	
U.S. stocks	54.2%
U.S. fixed income	34.3%
Cash equivalents	8.4%
Foreign stocks	3.1%

**From Nelson's Plan Sponsor Database*

TROY, Mich. — As of September 1991, The Kresge Foundation's total assets were $1.282 billion.

The external investment managers are Barrow Hanley Mewhinney & Strauss; William Blair; Cooke & Bieler, Harris Investment; Lincoln Capital, NBD and Philippe Investment.

The investment consultant is Hamilton & Co.

The key person overseeing fund investments is Thomas W. Herbert.

Lilly Endowment Inc.

	($ millions)
Total assets	3,950
Internally managed assets	3,950
Asset mix:	
U.S. stocks	99%
Cash equivalents	1%

INDIANAPOLIS — As of Dec. 31, the Lilly Endowment Inc.'s total assets were $3.95 billion.

The investment consultant is Baxter Capital Management.

John D. & Catherine T. MacArthur Foundation

	($ millions)
Total assets*	3,135
Internally managed assets	1,411
Asset mix:	
U.S. stocks	29%
U.S. fixed income	24%
Cash equivalents	1%
Real estate equity	38%
Mortgages	7%
Oil & gas	1%

**From Nelson's Plan Sponsor Database*

CHICAGO — As of September 1991, the John D. & Catherine T. MacArthur Foundation's total assets were $3.135 billion.

The external investment managers are Mellon Bond; Northern Trust; Walter Scott International; and Wells Fargo Nikko.

The investment consultants are Cambridge Associates and Ennis, Knupp & Associates.

The key person overseeing fund investments is Lawrence Landry.

The McKnight Foundation

	($ millions)
Total assets	1,089
Indexed domestic equity	219
Asset mix:	
U.S. stocks	52%
U.S. fixed income	35%
Cash equivalents	0.2%
Real estate equity	0.3%
Mortgage-backed securities	5.7%
Foreign stocks	6.8%

MINNEAPOLIS — As of Dec. 31, The McKnight Foundation's total assets were $1.089 billion.

The external investment managers are Alliance Capital; Coldwell Banker; IDS; Lehman Ark; Mellon Capital; Peregrine; UBS; and Wells Fargo Nikko.

The investment consultant is Evaluation Associates.

The key person overseeing fund investments is Michael O'Keefe.

Andrew W. Mellon Foundation

	($ millions)
Total assets	2,050

NEW YORK — As of Dec. 31, the Andrew W. Mellon Foundation's total assets were $2.05 billion.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is T. Dennis Sullivan.

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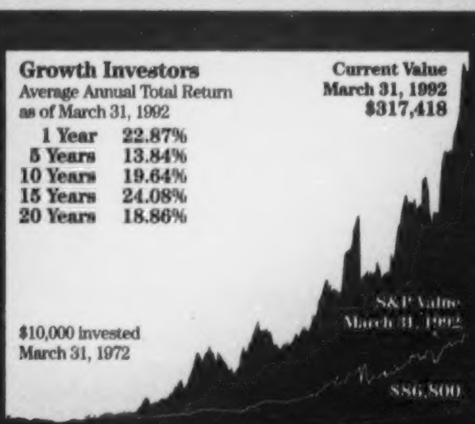

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The Pew Charitable Trusts

	($ millions)
Total assets	3,077
Internally managed assets	3,015
Asset mix:	
U.S. stocks	49%
U.S. fixed income	20%
Cash equivalents	2%
Real estate equity	1%
Mortgage-backed securities	18%
Foreign stocks	7%
Venture capital	1%
Convertibles	2%

PHILADELPHIA — As of Dec. 31, The Pew Charitable Trusts' total assets were $3.077 billion.

The external investment managers are Birtcher Realty Advisors; John Hancock Venture Capital; JMB Institutional Realty; The O'Connor Group; and Prudential Asset Management.

The investment consultants are DeMarche Associates and Frank Russell.

The key person overseeing fund investments is John W. Church.

Rockefeller Foundation

	($ millions)
Total assets	2,161
Indexed domestic equity	600
Indexed foreign equity	160
Indexed domestic bonds	100
Hedging devices used:	
Stock options	
Bond options	
Stock index futures	
Fixed-income futures	
Asset mix:	
U.S. stocks	48%
U.S. fixed income	10%
Cash equivalents	11%
Real estate equity	5%
Mortgage-backed securities	6%
Foreign stocks	15%
Venture capital	4%
LBOs	1%

NEW YORK — As of Dec. 31, the Rockefeller Foundation's total assets were $2.161 billion.

The external investment managers are Advanced Investment Management; Amerindo; AMLI Realty; Bankers Trust; BEA Associates; CIGNA; Concord Capital; Copley Institutional; Emerging Markets; Geewax, Terker; Independence Investment; LaSalle Advisors; MTH Asset; J.W. O'Connor; Palomar Partners; Rosenberg Capital; Rosenberg Institutional Equity; L.G. Schafran & Partners; Smith, Breeden; State Street Bank; TA Associates; Twin Capital; Wells Fargo Nikko; and Windham Capital.

The key person overseeing fund investments is David A. White.

Robert W. Woodruff Foundation

	($ millions)
Total assets	1,495
Internally managed assets	1,495
Asset mix:	
U.S. stocks	80%
U.S. fixed income	18%
Cash equivalents	2%

ATLANTA — As of Dec. 31, the Robert W. Woodruff Foundation's total assets were $1.495 billion.

The investment consultant is Trusco Capital.

The key person overseeing fund investments is Russ Hardin.

ENDOWMENTS

University of Chicago

	($ millions)
Total assets*	1,093
Asset mix:	
U.S. stocks	59%
Fixed income	19.5%
Cash equivalents	6.9%
Real estate equity	5.8%
Other	8.8%

*From Nelson's Plan Sponsor Database

CHICAGO — As of September 1991, the University of Chicago endowment's total assets were $1.093 billion.

The external investment managers are Batterson, Johnson & Wang; Copley Real Estate; Oechsle International; T. Rowe Price; Schroder Capital; Sequoia Capital; Sprout Group; and Weiss Peck & Greer.

The key person overseeing fund investments is Gary B. Helms.

Columbia University Endowment Fund

	($ millions)
Total assets	1,500

NEW YORK — As of Dec. 31, the Columbia University Endowment Fund's total assets were $1.5 billion.

According to Nelson's Plan Sponsor Database, the endowment's consultant is Cambridge Associates and the person overseeing fund investments is Bruce Dressner.

Cornell University

	($ millions)
Total assets*	872

*From Nelson's Plan Sponsor Database

ITHACA, N.Y. — As of September 1991, the Cornell University Endowment's long-term investment pool had total assets of $872 million.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is James S. Clarke.

Emory University Endowment

	($ millions)
Total assets*	1,002
Asset mix:	
Stocks	60%
Fixed income	32%
Cash equivalents	5%
Real estate equity	2%
Venture capital	1%

*From Nelson's Plan Sponsor Database

ATLANTA — As of September 1991, Emory University Endowment's total assets were $1.002 billion.

The external investment managers are Burr Egan Deleage; Common Fund; Endowment Advisors; Grantham Mayo Van Otterloo; Intersouth Partners; JMB; Lazard Freres; NationsBank; Oechsle; W.H. Reaves; Trusco Capital; Wachovia Investment; Wellington Management; World Invest.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is M. Wayne Coon.

Harvard University Endowment Fund

	($ millions)
Total assets*	5,064
Asset mix:	
U.S. stocks	39%
U.S. fixed income	15%
Real estate equity	5.5%
Foreign stocks	17%
Foreign fixed income	5%
Venture capital	15.7%
Other	2.8%

*From Nelson's Plan Sponsor Database

BOSTON — As of September 1991, the Harvard University Endowment Fund's total assets were $5.064 billion.

The external investment managers are Acadian Asset; Emerging Markets; Grantham Mayo Van Otterloo; Harvard Management; HLM Partners; Oechsle International; Whippoorwill; and World Invest.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is Jack Meyer.

Massachusetts Institute of Technology

	($ millions)
Total assets	1,443
Internally managed assets	100
Hedging devices used:	
Stock options	
Stock index futures	
Asset mix:	
U.S. stocks	44.5%
U.S. fixed income	27.9%
Cash equivalents	2%
Real estate equity	6.7%
Foreign stocks	9.3%
Foreign fixed income	2.7%
Venture capital	2.7%
LBOs	3%

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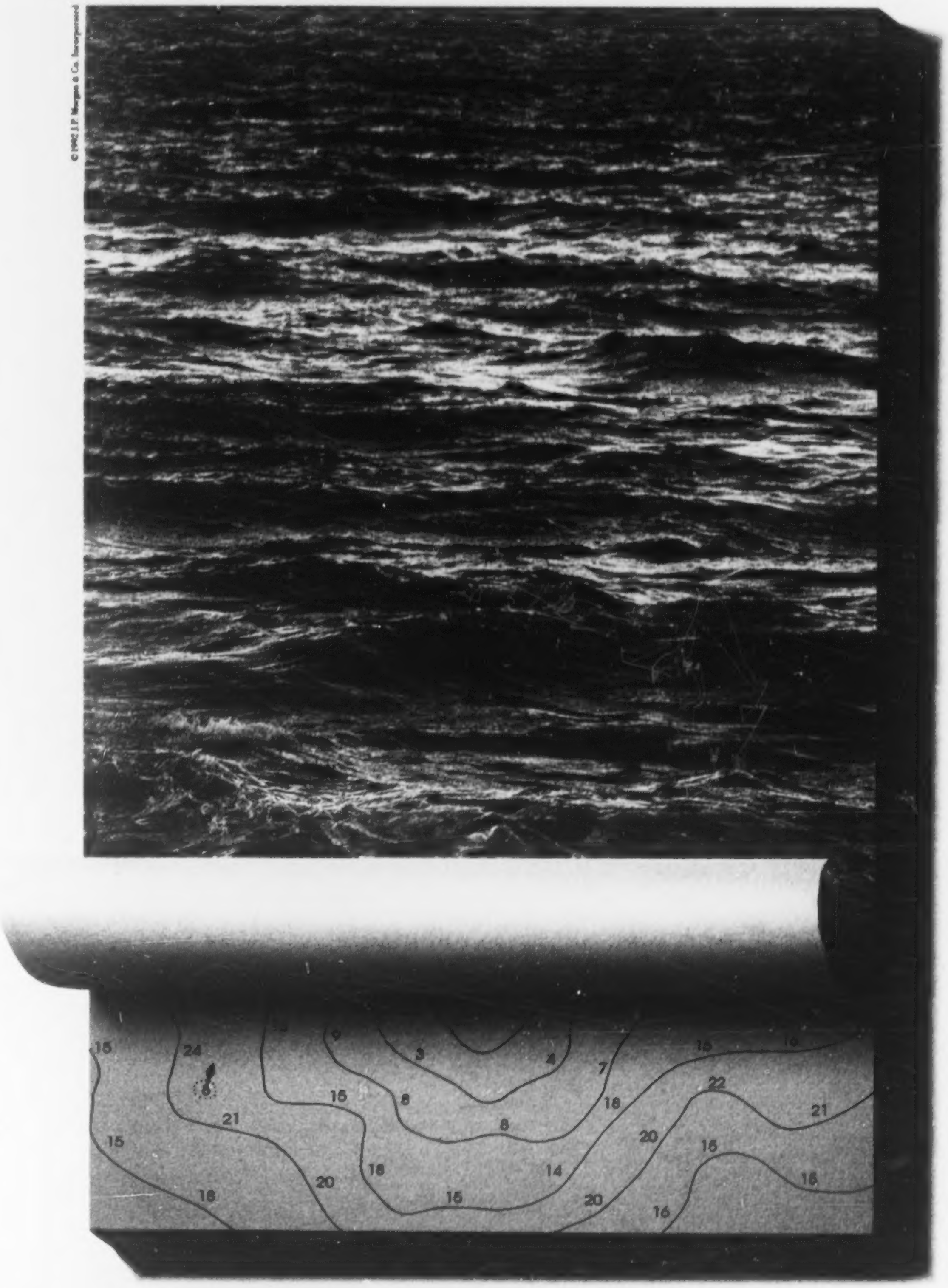

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Other	1.2%

CAMBRIDGE, Mass. — As of June 30, 1991, the Massachusetts Institute of Technology's endowment had total assets of $1.443 billion.

The key person overseeing fund investments is Allan S. Bufferd.

Northwestern University

	($ millions)
Total assets	1,500
Internally managed assets	1,500
Asset mix:	
U.S. stocks	66.7%
U.S. fixed income	33.3%

EVANSTON, Ill. — As of Dec. 31, the Northwestern University endowment's total assets were $1.5 billion.

The key person overseeing fund investments is John B. Borsch Jr.

University of Notre Dame Endowment Fund

	($ millions)
Total assets	703
Indexed domestic bonds	28
Asset mix:	
U.S. stocks	51.2%
U.S. fixed income	19.3%
Cash equivalents	2.5%
Real estate equity	2.4%
Foreign stocks	9.2%
Foreign fixed income	5.3%
Oil & gas	2.9%
Venture capital	1.2%
Other	6%

NOTRE DAME, Ind. — As of Dec. 31, the University of Notre Dame Endowment Fund's total assets were $703.1 million.

The external investment managers are Alliance Capital; ANB Investment; Barrow, Hanley, Mewhinney & Strauss; Capital Guardian; Capital International; Common Fund; Fischer, Francis, Trees & Watts; Hellman & Friedman; Luther King; Morgen, Waterfall, Vintialis; Nicholas-Applegate; Putnam Advisors; RCM; and TCW.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is Scott C. Malpass.

University of Pennsylvania

	($ millions)
Total assets*	805
Asset mix:	
U.S. stocks	60.2%
U.S. fixed income	30.2%
Cash equivalents	8.1%
Venture capital	0.5%
International	1%

From Nelson's Plan Sponsor Database

PHILADELPHIA — As of September 1991, the University of Pennsylvania's endowment fund had total assets of $805 million.

The external investment managers are Brentwood Capital and JMB.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is Lucy Momjian.

Princeton University

	($ millions)
Total assets	2,974
Hedging devices used:	
Stock options	
Asset mix:	
U.S. stocks	46%
U.S. fixed income	15%
Cash equivalents	9%
Real estate equity	1%
Mortgages	5%
Foreign stocks	11%
Foreign fixed income	7%
Oil & gas	2%
Venture capital	1%
Private equity	2%
Other	1%

PRINCETON, N.J. — As of Dec. 31, Princeton University's endowment had total assets of $2.974 billion.

The external investment managers are Brinson Partners; John W. Bristol; Common Fund; Equity-Linked; Essex Investment; Fiduciary Trust Co. International; First Manhattan Capital; First Save; Grantham Mayo Van Otterloo; Jaguar Fund; Leominster; Morgan Grenfell; A.A. Nazzaro; PIMCO; Primcecap; Rockefeller; and Second Save.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is Randall A. Hack.

Stanford University

	($ millions)
Total assets*	2,744
Asset mix:	
Stock	41.5%
Fixed income	29.7%
Cash equivalents	12.1
Real estate equity	6.3%
Limited partnerships	5.4%
Other	5%

From Nelson's Plan Sponsor Database

PALO ALTO, Calif. — As of September 1991, Stanford University's endowment had total assets of $2.744 billion.

The external investment managers are Acadian Asset; Arnhold & S. Bleichroeder; Capital Guardian; Cohen & Steers; The Common Fund; Delphi Management; First Quadrant; Grantham Mayo Van Otterloo; David J. Greene; Hill Samuel/Investment Advisers; Nicholas-Applegate; Oechsle International; T. Rowe Price; Rosenberg Institutional; and Trinity Investment.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is William F. Massey.

The Texas A&M University System

	($ millions)
Total assets	1,505
Internally managed assets	20
Asset mix:	
U.S. stocks	40%
U.S. fixed income	42.5%
Cash equivalents	6.5%
Mortgage-backed securities	11%

COLLEGE STATION, Texas — As of Dec. 31, The Texas A&M University System endowment's total assets were $1.505 billion.

The external investment managers are Austin & Calvert; Cisneros Asset Management; Eagle Management; INVESCO MIM; and Wise & Norman.

The investment consultant is Merrill Lynch Consulting.

The key person overseeing fund investments is Gregory R. Anderson.

The University of Texas System — Permanent University Fund

	($ millions)
Total assets*	3,541
Asset mix:	
Company stock	36.5%
Fixed income	45.7%
Cash equivalents	17.8%

From Nelson's Plan Sponsor Database

AUSTIN, Texas — As of September 1991, The University of Texas System — Permanent University Fund's total assets were $3.541 billion.

The external investment managers are Breau Capital; Franklin Portfolio; GAMCO; GeoCapital; Kahn Brothers; D.S. Kennedy; W.H. Reaves; Fayez Sarofim; Donald Smith; Sound Shore Management; Trinity Investment; Tweedy Browne; and Value Quest.

The investment consultant is Collins Associates.

The key person overseeing fund investments is Henry M. Davis.

Washington University in St. Louis

	($ millions)
Total assets	1,633
Internally managed assets	383
Indexed domestic equity	387
Hedging devices used:	
Stock options	
Stock index futures	
Asset mix:	
U.S. stocks	68%
U.S. fixed income	11%
Cash equivalents	9%
Real estate equity	2%
Mortgages	1%
Foreign stocks	3%
Oil & gas	1%
Venture capital	1%
LBOs	1%

Continued on page 24

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Galleon exec builds firm on niche plays

By Terry Williams

Louis Acevedo likes to play the niches, whether it is buying stocks or cultivating business.

The client niche he has carved himself is in managing assets affiliated with religious organizations.

His most recent addition was a $2 million account with a major religious organization in Los Angeles.

Other clients include a pension fund affiliated with a Catholic religious order in Los Angeles and two Jewish foundations, according to Mr. Acevedo.

Mr. Acevedo's firm — Galleon Capital Management, San Diego — also was selected recently as a manager for San Francisco-based Progress Investment Trust, a manager-of-managers vehicle that employs minority- and women-owned investment advisers.

Mr. Acevedo was able to make inroads into the religious funds and charitable foundation business during his days as a vice president and senior portfolio manager with Wells Fargo Bank's asset management division in Los Angeles, where he worked from 1987 to 1990.

Mr. Acevedo also considers his investment style — called growth at a reasonable cost — as a niche play.

Mr. Acevedo likes to buy large growth companies that are dominant in their industry and have a huge chunk of the market share.

But he likes to buy these companies during price weaknesses.

"I pick them up when the bad news is discounted in the price," Mr. Acevedo said.

"It's like a cross between a growth manager and a value manager," he added.

Mr. Acevedo said the key to his buy decision is cash flow.

"Whereas everyone else is looking for price-to-earnings multiples, I am looking to cash flow, which is a better indicator of the earnings potential of a company."

One such investment was **Hewlett-Packard Co.** Last year the company's stock was selling at $45 per share when Mr. Acevedo bought it.

This year its up around $80 per share. ■

ENDOWMENTS

Continued from page 23

Other	3%

ST. LOUIS — As of Dec. 31, Washington University in St. Louis endowment's total assets were $1.633 billion.

The external investment managers are Acorn; Boatmen's Trust; Commerce Bank; The Common Fund; DFA; Ganucheau, Stupfel & Brumley; General American; Institutional Partners; Lazard Freres; Mercantile; J.P. Morgan; Newbold's; NISA; Rowe Price-Fleming; Restart Partners; and Twentieth Century.

The investment consultant is Wellesley Group.

The key person overseeing fund investments is Richard E. Anderson.

Yale University

	($ millions)
Total assets,	2,820
Internally managed assets	852
Indexed domestic equity	145
Indexed foreign equity	286
Asset mix:	
U.S. stocks	45.7%
U.S. fixed income	21.4%
Cash equivalents	0.7%
Real estate equity	7.7%
Mortgages	0.1%
Foreign stocks	14.8%
Oil & gas	1%
Venture capital	3.9%
LBOs	3.9%
Life income	0.8%

NEW HAVEN, Conn. — As of Dec. 31, Yale University endowment's total assets were $2.82 billion.

The investment consultant is Cambridge Associates.

The key person overseeing fund investments is David F. Swensen.

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Airlines

Continued from page 1

but Wellington Asset Management Co., The Putnam Cos. Inc., both of Boston, and Dalton, Greiner, Hartman, Maher & Co., New York, are. But executives of the three firms were mum on how much stock they bought in which airlines following the fare war prompted by the May 26 announcement by Wings Holdings Inc.'s Northwest Airlines of a 2-for-1 summer special.

Christopher Brown, a security analyst with GE Investments, Stamford, Conn., while not admitting to buying, said the price cuts, and the subsequent drop in stock value, caught his attention.

"As the stocks come down in value, we are getting more attracted to them," Mr. Brown said. GE had modest holdings in AMR, UAL, Delta, of Atlanta, and USAir, of Arlington, Va.

Sellers, meanwhile, are fearful the industry can't maintain revenue streams. Bankers Trust Co., New York, has been selling off 3.7 million shares of airline industry stocks during recent weeks.

"There's guaranteed little or no profitability in the industry in the foreseeable future," said Jim Miller, Bankers Trust vice president and equity manager.

The effect of the fare cutting plus the specter of rising fuel prices could spell a $2 billion industry loss this year, according to Lee Howard, president of Airline Economics Inc., Washington. That would follow total net losses of $6 billion during 1990 and 1991, he said.

While analysts still are adjusting their earnings forecasts downward, most think profits will appear in 1993. UAL, for example, lost $14.41 per share in 1991. Industry analysts project on average it will earn $1.18 per share this year and a whopping $12.62 per share in 1993, according to I/B/E/S Inc., New York.

But the expected losses this year are cause for pause among a number of investors. "Our position is based on recovery earnings and peak earnings expectations," said Timothy Pettee, vice president and transportation analyst at Alliance Capital Management L.P., New York. "The 1993 numbers (earnings forecasts) have to come down. We have to see through the second and third quarter earnings before I get confident about the numbers."

Alliance had been the largest holder of UAL before the end of the year — with a peak holding of 3 million shares — but sold all but 200,000 shares by the end of May. Alliance also has been selling other airline stocks since the first of the year; Mr. Pettee said Alliance sold 85% to 90% of its airline industry holdings before the current fare cuts were announced.

Investors say the biggest losers from industry consolidation could include TWA, Mount Kisco, N.Y.; Continental Air Lines, Houston; and America West Airlines, Phoenix, Ariz., all operating under Chapter 11 of the federal bankruptcy code. The price wars reportedly have caused Continental to delay its reemergence from bankruptcy.

The latest round of fare cuts stems from April 9, when American Airlines, a unit of AMR, announced its simplified fare structure the industry generally adopted. But the summer special announced May 26 by Northwest Airlines was topped the next day by American's 50% fare special, which was quickly matched by other airlines.

American's retaliatory price cut sent a clear signal to TWA and Northwest that further discounting will not be tolerated, said Vinod Sehgal, senior analyst with Putnam, which held 419,000 shares in AMR and smaller holdings in UAL, Delta and USAir as of March 31.

He said AMR, with $800 million in cash, has far deeper pockets, and the weaker carriers do not have access to the capital markets.

"What we are seeing is the meaningful resistance of those who are wrestling for control of the pricing structure," said Remy Fisher, vice president and transportation equity analyst for Kemper Financial Services, Chicago, which had modest holdings in AMR and UAL as of March 31. She said the weaker players historically have controlled the pricing game, even though the first-tier airlines never would admit it.

John Neff, senior vice president and managing partner of Wellington Management — which held more than 1 million shares in UAL, nearly 500,000 AMR shares in AMR and almost 600,000 Delta shares as of March 31 — said the recent fare cutting by AMR "drives the stakes a little more deeply into the hearts of TWA, American West and Continental," which together control nearly 20% of the domestic market.

"The expectations are that (either TWA or Continental) will run out of cash by the end of the year," said Alliance's Mr. Pettee. "But I think the creditors will step in and force a liquidation like they did with Eastern," he said. "The biggest surprise would be if one of them shut down earlier than expected."

There are some who say turmoil is the norm in the topsy-turvy world of airline investing.

"This is business as usual — for the airlines," said GE Investment's Mr. Brown. "The story of consolidation has been around for a long time and will still be around through the summer."

Rose Ann Tortora, an analyst with County NatWest USA, New York, laughingly said: "You have to be mentally insane or certifiable to invest in the airlines." Or maybe just optimistic. "We've been reading this book called Deregulation," she said, "and the last chapter is called Consolidation."

Airline Economics' Mr. Howard said future airline operating profits could for the first time near the average profit margins of U.S. industry as a whole.

"There is a fundamental change going on," said Alliance's Mr. Pettee.

That evolution has caused some to pause, at least awhile. Bankers Trust's Mr. Miller noted his firm sold its airline holdings on news of the fare wars, not on American's earlier fare restructuring and simplification.

But some investors are optimistic despite their current caution. Along with the expected consolidation is the growing role AMR, Delta and UAL are expected to play in the international marketplace, as they have added routes from Eastern and Pan Am.

"In the next cycle, AMR will be the airline of choice," said Alliance's Mr. Pettee. "United and Delta are still wrestling with the acquisition costs, while AMR has largely put those behind it."

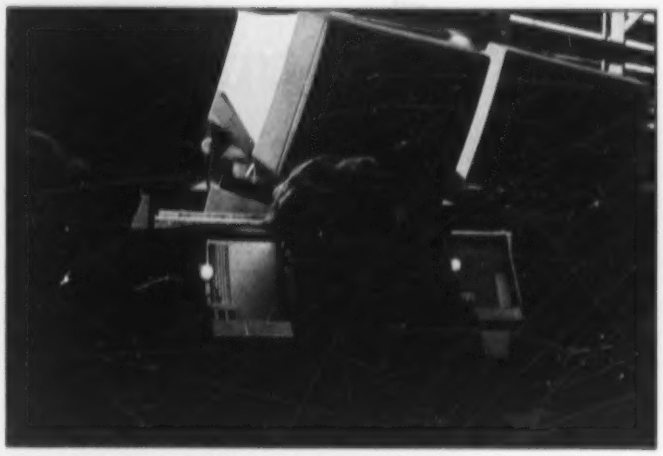
State Street Research's Ms. Lintz said AMR will be helped because its capital spending program is complete. "UAL will be much more interesting because it will have a major capital program in front of it."

Kemper's Ms. Fisher sees the international effort as the key to the airline's future, and she says that they do, too. "They are buying the future by buying the international routes while giving away the domestic product." ■

Air wars unlikely to aid AT&T

Phone call surges won't add profits

By Barry B. Burr



American Telephone & Telegraph Co. lines were swamped by people eager to cash in on the air fare specials.

The surge in calls during the past two weeks by consumers trying to take advantage of newly slashed airfares set records for calling volume for American Telephone & Telegraph Co., although it might not boost its revenue much.

"I think it's interesting these airfares show up and manifest themselves in record calling volume," said George Dellinger, vice president and telecommunications analyst, County NatWest USA, Washington. "It's positive," he said of the increased calling volume's impact on revenue. But "it would not be significant."

Calling volume also rose at MCI Communications Corp. and possibly at Sprint Corp. because of calls to airlines, although Mr. Dellinger said the impact to their revenue, while positive, would be negligible also.

The additional calling volume "would be positive" to AT&T's revenue, said Edward L. Eyring, analyst, Argus Research Corp., New York. "But I would not expect it to amount to a whole lot."

"It's impossible to measure," said Geoffrey Johnson, analyst, Cowen & Co., Boston. "It's a temporary boost. It's not like it's a long-term sustaining impact on the company's growth rate."

As a result, he and the other analysts expect no discernable impact on the price of AT&T's stock.

The analysts noted the increased volume primarily was over 800 lines, which are toll free to consumers and allow airlines and other users picking up the charges to pay for the telephone service at a rate discounted from ordinary long-distance calls.

In addition, Rebecca Hathhorn, analyst, Duff & Phelps Inc., Chicago, like other analysts, noted the increase in calling volume will take place only over a few days, during the limited time offer airlines are discounting fares, also making for little impact on telephone revenue.

Referring to the increased calls since the latest airline fare war began May 26, Richard Gray, AT&T spokesman, said, "We might have come up with another day's worth of 'message volume.' I'm not sure you can translate that into another day of revenue," in part because of the 800 discounted rate. He wouldn't estimate how much extra revenue was due to the increased volume.

He said its long-distance call volume, or its "switched network message volume" — AT&T's term for each telephone use, including phone calls, faxes and transmissions of computer data and television signals — has been averaging more than 20% above normal business-day volume of 135 million to 140 million calls.

AT&T set a long-distance volume record June 1 with 177.4 million calls. That broke the record volume of 159.6 million calls set only May 28, two days after Northwest Airlines, a unit of Wings Holdings Inc., began a free-ticket promotion and a day after AMR Corp.'s American Airlines cut its lowest advanced purchase fare in half.

Volume was up at MCI, said John R. Hauser, MCI public relations manager, although figures wouldn't be available for a month. But on the increase he suggested, "Overall it's immaterial." A Sprint spokesman wasn't able to confirm immediately whether its calling volume rose.

Last year, AT&T reported $38.8 billion in revenue from its long-distance calls, or "switched network." That amounts to 61.5% of AT&T's total 1991 revenue of $63.1 billion. AT&T wouldn't estimate average daily business calling revenue; and Mr. Gray noted the difficulty of using the annual figure to extrapolate daily revenue, since volume falls more than half to about 60 million to 65 million calls a day on weekends and because of the discounted rates for 800 service, among other reasons. ■

NYSE

Continued from page 1

now are beginning the formal process to remove the prohibition.

The NYSE does not have a timetable for implementing the proposal, nor a due date for receiving outside comments. A draft was to be mailed to 5,000 of the exchange's constituents last week. The exchange must submit its proposal to the SEC staff for initial discussions and usually some negotiation, after which a formal proposal is made to the commissioners. They can either accept or reject the proposal outright.

There are 60 companies with multiple shares listed on the NYSE, including Ford Motor Co., General Motors Corp., Wm. Wrigley Jr. Co., Dow Jones & Co., Figgie International Inc., The New York Times Co. and The Washington Post Co.

These companies were grandfathered under the rule imposed by the SEC in 1988. Since then, the NYSE has not allowed any new listings of multiple classes of shares.

In principle, institutional investors agree with the SEC's position and are afraid corporations will attempt to undercut shareholders' control by simply issuing new shares with better voting rights.

"What we really object to is owning a company and then having it issue shares that have higher voting rights than we do," said Curt Schacht, general counsel at the $15.6 billion State of Wisconsin Investment Board, Madison.

The Big Board sees this proposal as a trial balloon, according to Mr. Domijan.

"To begin the process of formulating a new rule, the exchange has developed a discussion draft of shareholder voting rights," he said. "What we're trying to do is get the issue back in front of as many people as possible."

The American Stock Exchange already has sent to the SEC its own proposal requesting the right to list multiple classes of shares, but the SEC effectively shoved it under the carpet, waiting, according to an exchange industry source, for the NYSE to make its proposal as the industry's leader.

At stake for the Big Board is the business of several hundred mid-size companies that want the right to list multiple shares and will turn to competitors, such as the American Stock Exchange, to get it, said an NYSE competitor.

This new proposal "is really designed to capture the flag," he said. "They want to entice those several hundred companies — medium to good size — to list on the NYSE."

And, although institutional investors demand adherence to one share/one vote, they are putting more money into the fast-growing middle-capitalization stocks, and in some cases accepting diminished voting rights to do so.

"It's really a matter of our investment people deciding on a case-by-case basis if they want to buy one of these low-vote or no-vote stocks," said an official at a public pension fund who asked not to be named.

He said his fund had invested in shares with lesser voting rights, such as in two companies traded on the Amex: Nichols Institute and Applied Power Inc.

"They would compare these companies with other companies in the same industry group," the official said. "They consider dual classes of shares more risky, so in order to reward them for that risk there has to be a higher potential for long-term returns."

Big Board officials hope the proposal will be enacted at all the exchanges, not just at the NYSE.

"In an ideal world, the NASD, the Amex and ourselves would have a uniform corporate governance policy," Mr. Domijan said.

NYSE officials doubt this issue will be resolved quickly, Mr. Domijan admitted. He said in the series of meetings with constituents that spawned this proposal, "the recommendations to us ranged from keeping the (SEC) rule on our books to the New York Stock Exchange getting out of corporate governance altogether." ■

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AT DEADLINE

Fund F decision appealed

First National Bank of Chicago filed a petition last week seeking review by the U.S. Supreme Court of the appellate court decision that stopped the bank from distributing whole properties in lieu of cash to investors in its ailing open-end commingle real estate pool, Fund F.

The bank also filed a petition with the comptroller of the currency seeking a review of the charges brought by the comptroller.

A July 7 hearing on the charges could result in the bank being removed as administrator of the fund.

In another blow, pension funds rejected a consensual plan that would give the bank more time to meet Fund F withdrawal requests.

Fund fights insurer

The Commonwealth of Massachusetts' $700 million deferred compensation plan was poised to suspend new contributions to Nationwide Life Insurance, Columbus, Ohio, and go to court as the two negotiated up to a June 20 deadline, said Chris Doherty, general counsel to the state treasurer.

The fund had sought to get out of its contract with Nationwide, which manages about $660 million of its assets, without incurring a $43 million penalty.

Separately, the fund is adding seven new mutual fund options and has hired Fidelity Institutional Retirement Systems to manage a new GIC fund.

UMWA funds picks chief

Donald E. Pierce Jr. was named executive director of the $5.5 billion UMWA Health and Retirement Funds. Mr. Pierce, a trustee for the funds since 1985, succeeds Jerry N. Clark, who resigned last fall.

PBGC creditor status clears

The PBGC gets standing on creditor committees in

Continued on page 39

INSIDE

ELECTION
'92

Readers vote for Perot

H. Ross Perot is first in the political hearts of respondents to *Pensions & Investments'* fax poll. The Texas billionaire scored well above both Republican President Bush and Democrat William Clinton. Page 6.

Assets safe from bankruptcy

Supreme Court rules creditors have no right to pension money

By Curtis Vosti

WASHINGTON — The U.S. Supreme Court has ruled unanimously that retirement assets are beyond the reach of creditors in bankruptcy court.

The June 15 ruling relieved the dilemma in which plan sponsors often found themselves when faced with the personal bankruptcy of a plan participant: The bankruptcy court could order the sponsor to turn over the participant's assets, but if the plan sponsor did that, the Internal Revenue Service had ruled a number of times such action disqualifies the plans. But if the plan sponsor ignored the bankruptcy court, there was a risk of a contempt of court citation.

TOM REED

The Supreme Court relieved plan sponsors of a dilemma they face in participants' bankruptcy cases.

Two days after the Supreme Court ruling in Patterson, Trustee v. Shumate, the U.S. Senate passed the National Bankruptcy Commission Review Act, which also seeks to clarify the standing of retiree benefits — as well as pension contributions and the Pension Benefit Guaranty Corp. — in bankruptcy court proceedings. The roll-call vote was 97-0.

The bill, which had been in the making before the Shumate case reached the Supreme Court, codifies the exclusion of retirement assets from the bankruptcy estate.

"It looks like we hit two home runs in the same week on bankruptcy," said Peter Kelly, an attorney with Murphy, Smith & Polk in Chicago. Mr. Kelly represented the U.S. Chamber of Commerce in its friend-of-the-court brief in the Supreme Court case. He also helped draft the wording of the proposed legislation.

"It's clear. Pension benefits are protected from bankruptcy," an elated Mr. Kelly said. "This decision will protect the retirement benefits of millions of Americans who experience financial difficulties. Employers will benefit because they will have the peace of mind of knowing the retirement plans they establish will not be diverted to pre-retirement debts."

The Shumate ruling also was hailed by members of the ERISA Industry Committee and the Association of Private Pension and Welfare Plans, both in Washington. They said it would help plan trustees, who often have to file suit against bankruptcy trustees demanding access to pension assets.

The Supreme Court rejected the

See **Court** *on page 38*

Big players nix Centel deal

Smaller holders say price of swap is fair

By Anne Schwimmer

Institutional investors in Centel Corp. are reacting with various levels of outrage, confusion and indifference to Sprint Corp.'s below-market offer to acquire the company.

The California Public Employees' Retirement System, which owns 490,450 shares of Centel, is faced with a difficult decision because it also owns about 1.3 million shares of Sprint. "We generally look at these things as what's in our best economic interest. If we get more from Centel, it comes out of Sprint's pocket. Why should we want a higher price?" a California fund official said.

In this case, however, the corporate governance issues might outweigh the economic one, he said.

But for some big investors — such as Mario Gabelli of Gabelli & Co.; Herb Ehlers, president of Eagle Asset Management; and Suzanne Zak, managing director and portfolio manager at J & W Seligman & Co. Inc. — the proposed stock swap transaction is anathema.

A few, including Ash Williams, executive director of the Florida State Board of Administration, appear more open to Centel Chairman Jack Frazee's agreement to sell the company. They say Centel's management had done its best to achieve a fair price.

And executives of other pensions funds — such as IBM Corp. and New York State and Local Retirement Systems — say they still are weighing their options.

Centel's stock price dropped by about 25% immediately following Sprint's late May bid to buy the company for 1.37 Sprint shares for each Centel share. That bid — worsened by a subsequent drop in Sprint shares — was worth about $2.59 billion last week, or about $30.50 per share. That's substantially less than the $42.50 per

See **Centel** *on page 37*

MARY HERLEHY

Centel Chairman Jack Frazee says the Sprint deal is the best option for shareholders.

U.S. to try single-price Treasury auction

By Marlene Givant Star

WASHINGTON — In an effort to lower its cost of capital, the federal government plans in the next few weeks to adopt a single-price auction system for its Treasury securities on an experimental basis.

The imminence of the plan was confirmed by Undersecretary of the Treasury Jerome H. Powell, who spoke at *Pensions & Investments'* Investment Management Conference last week.

Government officials hope big investors such as pension funds would bid competitively with the small group of primary dealers that dominates the auctions. As a result, the government could sell more bonds at a lower cost to taxpayers. The single-price auction is expected to be tested on a couple of upcoming issues.

Mr. Powell said a single-price auction — in which all trades are executed at the same price — is preferable to the current multiple-price auction system in which individual bidders run the risk of "overshooting the market consensus."

Such a move has been trumpeted by many academics as a step toward reforming the government bond market on the heels of the Salomon Brothers Inc. treasury bidding scandal.

Broker-dealers, on the other hand, know the system would eliminate many speculative opportunities and, possibly, the underwriter's role at auction.

What isn't known is whether the initial price will be set by the marketplace or the Treasury, and how it will be set.

In their recent Joint Report on the Government Securities Market, the Treasury, the Federal Reserve and the Securities and Exchange Commission proposed a new auction method they call an ascending-price, open-outcry auction, a form of single-price auctions.

R. Steven Wunsch, president of

See **Treasury** *on page 34*

NEWS DIGEST

JOE WILSSENS

General Motors employees will get better service — and the company will save money — by consolidating the administration of GM's defined contribution plans. Page 4.

Graef S. Crystal tries looking at the executive compensation issue from other viewpoints, but still finds little linkage between pay and corporate performance. Page 14.

A Labor Department lawsuit claims Polaroid's ESOP trustee acted improperly during a takeover bid. Page 35.

The U.S. Supreme Court will decide whether certain non-cash contributions violate ERISA. Page 39.

SPECIAL REPORT: INTERNATIONAL/GLOBAL FIRMS

The growth in assets invested abroad continued but at a slower pace — increasing 19.7% during the year ended March 31 — *Pensions & Investments*' annual survey of investment management firms shows. Page 16.

FINANCING

Starbucks' initial public offering will help the retailer expand its chain of stores and reward its investors with a tidy paper profit. Page 3.

INTERNATIONAL

U.K. pension law might get more teeth following a far-ranging review, one of several recommendations arising from the Robert Maxwell scandal. Page 2.

REAL ESTATE

Trammell Crow Realty Advisers is trying to protect investors' remaining equity in One Dallas Centre through its Chapter 11 filing. Page 2.

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Realty survey under way

Questionnaires for *Pensions & Investments*' annual survey of the largest real estate investment managers have been mailed. The completed forms, to be used for a special report published Aug. 31, must be returned by July 20. If you have not received a questionnaire, or if you have any questions, contact Karen Waters, directory coordinator, at (312) 649-5240.

Concord Capital crumbling

Clients and staff bail out after years of poor performance

By Barry B. Burr

SAN MATEO, Calif. — Concord Capital Management is hurting, and its ability to survive is questionable.

Most clients have left because of the money manager's protracted poor performance. A large part of the firm's support staff has been laid off, and the entire marketing staff as well as the firm's trader will be gone soon.

Edward D. Matz Jr., senior vice president, said he's not sure if the firm will survive.

"We're not even trying to get new business," Mr. Matz said. "Nobody is going to hire (the firm) until the performance turns around for a long time."

Mr. Matz is leaving at the end of June, moving up his retirement, initially scheduled for the end of December.

Gloria Carlson, who was to be his replacement, will leave at the end of the month at the firm's request because it is eliminating marketing, he said.

And Donald A. Conroy, manager-securities trading, said he will be leaving soon, as will other professionals he wouldn't name. Mr. Conroy doesn't know where he'll be working.

"I'm not sure how (the remaining) firm will be structured," Mr. Conroy said. He added he isn't sure how trading will be handled, either.

The specialty equity firm was founded in 1981 by Harold L. Arbit, Mr. Matz and five others who quit American National Bank & Trust Co., Chicago. Mr. Arbit, chief investment officer, didn't return phone calls for comment. Some other Concord executives also either didn't return calls or declined to comment.

Mr. Arbit and his colleagues were pioneers in developing an unorthodox idea, taking a more cerebral approach of using broad "themes" on economic, social and political issues to try to beat the market, according to James F. Knupp, principal, Ennis Knupp & Associates Inc., a Chicago-based consulting firm. The group eschewed earnings and assets and other fundamental factors of stock picking — and shunned diversification. Portfolio managers constructed highly concentrated, non-diversified portfolios.

Essentially, Concord "felt Wall Street was wrong in the way they priced stocks, taking a more short-term orientation," said Walter Niemasik, vice president, Snyder Capital Management, San Francisco, who was vice president-strategist at Concord between 1986 and 1988. Concord "took a more intellectual way to find out what made the price of (a) stock," decidedly out of the mainstream.

Concord's tax-exempt assets grew to $2.14 billion from 31 clients at the beginning of 1990. A year later, they stood at $1.43 billion from 27 clients. Assets dropped to $756 million from half as many clients or fewer — an exact number wasn't reported —

See **Concord** *on page 37*

U.K. sets pension law review

Issues raised after Maxwell scandal

By Norma Cohen

A wide-ranging review of British pension laws was announced last week in response to the theft of more than 400 million pounds from pension funds controlled by the late Robert Maxwell.

The review, to be conducted by an independent commission reporting to the Department of Social Security, will focus on some of the thorniest issues in the pension industry. In particular, it will address the question of the ownership of pension fund surpluses as well as who should control fund assets.

The pension law review was recommended in March by the cross-party Parliamentary Select Committee on Social Security.

In the continuing investigation into the Maxwell scandal, London police June 18 arrested Mr. Maxwell's sons, Kevin and Ian, and Larry Steven Trachtenberg on charges of conspiracy to defraud contrary to common law.

Kevin Maxwell and Mr. Trachtenberg also were charged with theft of various securities portfolios, totaling 140 million pounds. All three have been released on bail.

The Maxwell brothers were managing directors of Maxwell Communication Corp. and senior executives of Mirror Group Newspapers PLC prior to Mr. Maxwell's death. Mr. Trachtenberg was a managing director of Bi-

See **Review** *on page 34*

LONDON
DAILY NEWS
22%
GREENWICH POLL LEAD FOR LABOUR
Raiders attack Jan

AP/WIDE WORLD PHOTOS

The scandal involving the late Robert Maxwell has prompted British lawmakers to take a hard look at their pension laws.

Realty vulture fund stumbles

By Steve Hemmerick

Trammell Crow Realty Advisers has placed its One Dallas Centre office building under Chapter 11 bankruptcy protection.

The building is the flagship property in a Trammell Crow partnership that was formed to allow investors to cash in on the mistakes of others.

The bankruptcy action puts a rescue plan for the 30-story office building owned by pension funds and others in serious jeopardy.

Sources say investors have been told they could lose the building to its lender, Equitable Real Estate Investment Management Inc., New York.

One Dallas Centre — a 612,000-square-foot office building in downtown Dallas — accounted for 20% of the equity in Trammell Crow Equity Partners I, a $148 million net equity opportunity or vulture fund created in 1986.

But sources said the property has a vacancy rate of about 70% and is running a $100,000-a-month deficit. The institutional investors have a presumed remaining equity of only $1.8 million in the building out of the initial 20% investment.

Sources said one reason Trammell Crow filed for Chapter 11 on the building was to protect the presumed equity in the building and $2.8 million in an escrow fund that was being used to lease the building.

The $2.8 million is all that remains from $6.5 million Trammell Crow set aside last fall from the firm's own management fees to release the building and rescue it from a potential bankruptcy filing.

Trammell Crow Realty Advisers executives agreed to forgo their fees because of the relatively weak returns on the opportunity fund. Trammell Crow gave $3 million of the $6.5 million late last

See **Bankrupt** *on page 38*

REAL ESTATE

Hancock protects timber properties' other assets

WASHINGTON DEPARTMENT OF WILDLIFE/ROB BENNETT

Rare spotted owls have been found in timberland owned by John Hancock, which is taking special care to protect the birds' habitats.

■ John Hancock Mutual Life Insurance Co., a leader in providing timber investments for pension funds with $1.2 billion invested in more than 1.3 million acres, has found two valuable assets in its forests — the raw materials for a cancer-fighting drug and a rare species of owl.

Its efforts to provide a high return for investors might not be helped by either asset, but Hancock nevertheless is working to protect both.

The cancer-fighting drug Taxol comes from the rare Pacific yew tree. Hancock's foresters seek out Pacific yews growing among the Douglas firs in Hancock forests and mark them so the bark can be harvested by Hauser Chemical Research Inc., based in Boulder, Colo.

Hauser expects to collect 50,000 to 60,000 pounds of yew bark this year from the trees in one Hancock tree farm near Lebanon, Ore. The bark will be harvested in such a way as to preserve the trees.

Later, the search for Pacific yews will be expanded to Hancock's remaining more than 500,000 acres in the Pacific Northwest.

The rare bird is the spotted owl, which has caused controversy about logging on federal lands where they make their nests.

As part of its efforts to protect the spotted owl, John Hancock has hired professional "hooters," people who can mimic the call of the spotted owl, to help locate nesting areas.

"They go into the forest and mimic the birds, and when they get a response we give the area a wide berth," said Foster L. Aborn, Hancock vice chairman and chief investment officer.

— Michael J. Clowes

INTERNATIONAL

Manager calls on broad background

■ Born in Hong Kong, raised in Shanghai and Mauritius and educated in London and the United States, John Hsu describes his investment approach as global top-down.

With that background, what else could it be?

John Hsu Capital Corp., New York, was established earlier this year to manage global fixed-income, equity and balanced portfolios for pension funds, insurance companies, foundations and endowments.

According to Mr. Hsu, the firm's investment process begins with a comprehensive analysis of global political economies. Secular and cyclical trends covering major sectors of these economies and their impact on the valuations of the capital markets are taken into consideration.

Currency cross rates, commodity prices and trends as well as the price movements of gold and energy also are monitored, according to Mr. Hsu. Then, an analysis of all sectors and trends affecting the domestic economy is performed.

Mr. Hsu's analysis leads him to view U.S. securities as attractive.

"The rest of the world, with the exception of Britain, is entering into a recession," Mr. Hsu said. "My near- to intermediate-term scenario calls for the market of opportunity to be here in the United States."

"On a longer-term basis, I have no problem offering my services as a global manager for both equities and bonds."

A 30-year veteran of the investment business, Mr. Hsu previously worked as senior vice president-investments at Primerica Corp. He also was a managing director with Greenspan O'Neil Associates, which was headed at the time by now-Federal Reserve Chairman Alan Greenspan.

— Terry Williams

John Hsu uses his multicultural background to analyze investments.

INVESTING

Net purchases of stocks increase

■ Private pension funds were net buyers of stocks for the first time since 1986, according to the Securities Industry Association, New York.

Private pension funds were net buyers of $5 billion of equities. Purchases by public funds fell to $9 billion, well below their average of $17 billion between 1980 and 1990. The SIA noted public funds had been reducing their net purchases since 1985, except for a small increase in 1987.

Mutual funds had net purchases in 1991 of more than $39 billion, reflecting the large inflow of money into these institutions. During the 1980-1990 period, net purchases by mutual funds averaged only $7 billion.

Net sale of equity by the individual, non-mutual fund investors declined in 1991. In 1991, net sales were $14 billion compared with an average of $77 billion annually between 1980 and 1990.

Foreign investors increased net purchases of U.S. equities in 1991, to $10 billion from the $4 billion average for 1980-90.

The largest buyers of corporate bonds in 1991 were mutual funds, with their net purchases increasing to a record $54 billion. Life insurance companies were the second largest buyers, with net purchases of $39 billion, up slightly from the average of $36 billion annually for 1980-90.

Private funds were net buyers of $13.5 billion of corporate bonds, up from the average of $6 billion for the previous decade, while public fund demand of $10 billion slipped below the average for the decade of $12.2 billion.

— Michael J. Clowes

MUTUAL FUNDS

Small-cap fund weds 2 styles

■ Although the terms "value" and "growth" conjure up distinct approaches, one mutual fund has put the two together.

The $23 million Loomis Sayles Small Cap Fund — offered by Loomis, Sayles & Co., Boston — has one portfolio manager buying small-capitalization value stocks and one buying small-cap growth stocks.

Ric Dillon in Loomis' Detroit office manages the value portion; Barbara Friedman in Boston oversees the growth portion.

In an interview, Mr. Dillon explained the stocks he buys don't have to have low growth rates or low price/earnings ratios. Instead, they must sell at a discount to their intrinsic value. One example: **Reuters Holdings PLC**, which was growing at 25% but was selling at a deep discount.

Among his success stories are **Georgia-Pacific Corp.**, purchased in December at $46 to $47 and sold recently at $69.

Another is **Danek Group Inc.**, which manufactures devices used in spinal surgery. Mr. Dillon bought the stock for $15 as an initial public offering in May 1991, and sold it 91 days later for $42.

Ramsay Health Care Inc., a psychiatric hospital company, is among current holdings.

— Nancy K. Webman

PEOPLE

Alaska Permanent names director

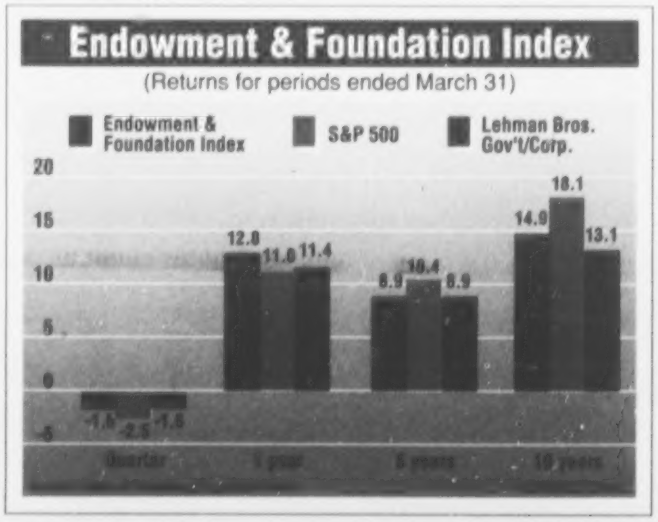
■ William Scott, executive director of the Alaska Industrial Development and Export Authority, has been named executive director of the $13.5 billion Alaska Permanent Fund Corp.

Mr. Scott, who will start July 1, succeeds David A. Rose, the Juneau fund's first executive director who left to form his own advisory firm, Alaska Permanent Capital Management Co.

Robert M. Maynard, who has been acting executive director of the fund, will return to his position as deputy executive director.

Mr. Scott moved to Alaska in 1949 as a field engineer. He retired in 1983 but returned to the work force last year to head the industrial development authority.

— Sabine Schramm



PERFORMANCE

Active value, growth top bogeys

■ More than half of the active value and growth managers outperformed their respective benchmarks in the first quarter, according to The Frank Russell Co., Tacoma, Wash.

The median return of the 60 managers included in the Russell price-driven (value) universe was 1.75% during the first quarter, compared with the 1.12% return of the Russell Price-Driven Index.

Meanwhile, the median manager of the 51 included in the Russell earnings growth universe returned −4.52% for the quarter, 42 basis points above the Russell style index.

According to Russell, 60.8% of the earnings-growth managers beat their index in the first quarter, while 61.7% of the price-driven (value) managers outperformed their index.

Tom Monroe, senior U.S. equity research analyst for Frank Russell, said in an interview that the active managers "did add value - regardless of style — compared against the relevant benchmark."

Each benchmark holds approximately 500 stocks — half of the Russell 1000 Index.

— Lisa Schultz

WASHINGTON

PBGC taking hard look at bankruptcy-related fees

AP/WIDE WORLD PHOTOS

Lynn Martin says high bankruptcy fees are leaving less money for retirees.

■ Bankruptcy attorneys have been feathering their nests with fees that, in some cases, belong to retirees, Labor Secretary Lynn Martin says.

This practice, which cuts into available money for pension and health benefits, underscores solvency concerns at the Pension Benefit Guaranty Corp., Ms. Martin said. The PBGC picks up the tab for promised pension benefits companies can't pay.

"There is ample evidence of exorbitant fees being paid in bankruptcy cases where the PBGC has a substantial liability for pension benefits," Ms. Martin said.

"A total of almost $270 million in bankruptcy fees have already been paid out in just the Eastern, Pan Am and LTV cases," Ms. Martin said. "The underfunding in these three plans is close to $5 billion."

To prevent the payout of excessive fees from cutting into a bankrupt company's ability to honor promised pension and health benefits — and to protect its own degree of solvency — the PBGC is establishing a legal group to monitor professional and legal fees in bankruptcy cases in which it a major creditor.

The new Bankruptcy Fee Monitoring Section, to be established within the PBGC's office of general counsel, will identify abuses such as excessive hourly rates, fictitious hours and duplicative research and overstaffing. When abuses are found, the PBGC will ask the bankruptcy court to appoint a professional fee examiner to whom the PBGC's group will give comments; in cases where the court declines to take action, the PBGC group will review fee applications and file objections with the court.

The end result will be to reduce fees and speed bankruptcies, said James B. Lockhart III, executive director at the PBGC.

— Hillary Durgin

INTERNATIONAL

May brings good returns for world's stock markets

■ After sporadic periods of loss, world stock markets made a comeback in May, according to the Morgan Stanley Capital International Perspective.

The MSCI World Index rose 3.8% for the month, and the Europe Australia Far East Index, 6.5%.

Japan's rebound of 7.9% after four months of losses helped the Far East Index advance 8.1%. (All returns are in U.S. dollar terms.)

The U.S. dollar softened against all currencies except those of Canada and New Zealand, thus acting as a significant contributor to U.S. investors' returns.

Of Morgan Stanley's 20 developed markets, Hong Kong came in first with a 14.2% gain, followed by Denmark, up 12.3%, and Spain, up 9.6%.

With a feeble rise of 0.2%, the United States fell into last place; Canada, at 0.3%, was not far ahead.

In comparison, some of the emerging markets experienced losses. Turkey was down 14.1%, Greece fell 11.8%, and Korea dropped 10.4%.

In fact, eight out of the 16 emerging markets tracked faced market declines in May along with the MSCI Emerging Markets Free Index, which fell 0.6%.

The Philippines were No. 1 among emerging markets with 14.6%, followed by Indonesia at 9.5%.

— Lisa Schultz

MONEY MANAGERS

Advanced Investment insiders buying minority stake

■ The five senior portfolio managers of Advanced Investment Management, Pittsburgh, are buying a "significant minority share" in the firm from its parent, PNC Financial Corp.

According to J. Thomas Allen, AIM's chief investment officer, PNC agreed to change the structure to a partnership in which the five senior members of AIM could participate.

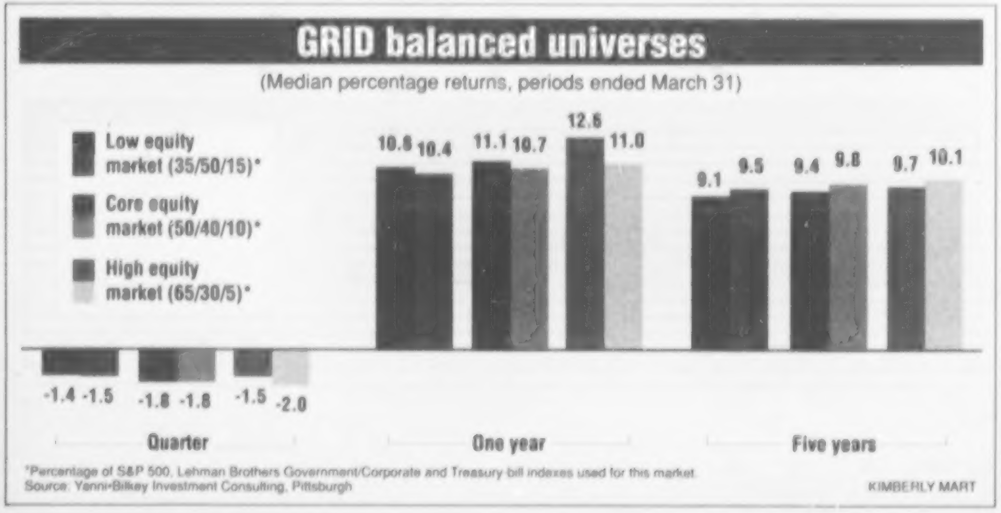
He said the objective was to be able to retain the investment management team that had built the firm, which manages $2.5 billion in tax-exempt assets, and not have to worry about key people being lured away by offers of large amounts of money.

AIM was started as a wholly owned subsidiary of PNC Financial Corp. in 1987.

He said if certain performance objectives are met, the AIM team will be able to increase its ownership share of the firm. He expects, however, PNC will continue to have a significant stake.

Advanced Investment Management offers enhanced index funds, derivative-based investment products and hedging. While it offers a bond index fund, 90% of its assets are in equity funds.

— Michael J. Clowes



GRID balanced universes

(Median percentage returns, periods ended March 31)

*Percentage of S&P 500, Lehman Brothers Government/Corporate and Treasury bill indexes used for this market.
Source: Yanni-Bilkey Investment Consulting, Pittsburgh

KIMBERLY MART

BENEFITS

Annuity plans can't be kept in dark

■ Employers terminating fully or overfunded defined benefit plans will have to tell plan participants in advance which annuity insurer or insurers will replace their benefits, under a final rule issued by the Pension Benefit Guaranty Corp.

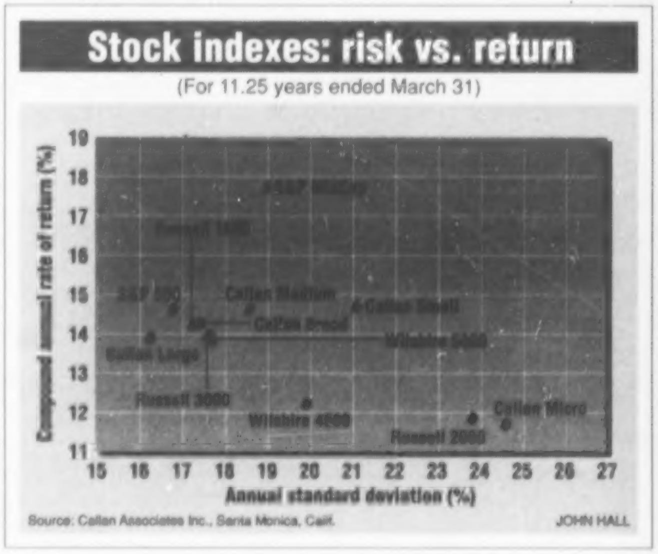
Participants will have to be told no later than 45 days before any distribution of assets.

If no decision has been made at that point, participants must be told which insurers are being considered.

The rule, which goes into effect later this month, was triggered by the 1991 collapse of Executive Life Insurance Co., which sold dozens of annuities to employers terminating overfunded plans.

Many participants, whose benefits were cut by 30% when the insurer collapsed, only learned the annuities came from Executive Life after the deals were completed.

— Crain News Service



Stock indexes: risk vs. return

(For 11.25 years ended March 31)

Source: Callan Associates Inc., Santa Monica, Calif.

JOHN HALL

INDEXES

Callan cooks up a new creation

■ Callan Associates Inc., San Francisco, has launched a new stock index aimed at index fund managers and pension sponsors who need large-, medium- and small-capitalization indexes that do not overlap.

"It's simpler to understand and replicate," said Gregory C. Allen, vice president and manager of Callan's quantitative consulting services department.

Mr. Allen explained index fund managers who use the Standard & Poor's 500 Stock Index have encountered difficulties when a stock drops out and needs to be replaced.

"A lot of people complain that they can't anticipate" which stock will be chosen as a replacement, so "they have to run out and buy it when it's announced." This leads to an undue increase in the price of the replacement stock as all the index fund managers rush to buy it.

The Callan Broad Index is simply the 2000 stocks of the largest capitalized companies in the United States.

The index is set up at the beginning of the year and if a stock drops out of the index, it goes unreplaced until the start of the next calendar year, when the index is recreated.

The Callan Broad Index is subdivided into large-, medium- and small-cap segments, none of which has stocks in common with the others.

The Callan Large Cap Index is composed of the 150 largest companies, while the Callan Medium Index is made up of the next largest 350 companies, and the Callan Small Cap Index contains the next 1,500 companies.

— Anne Schwimmer

PENSION FUNDS

Michigan on prowl for new director

■ Michigan officials have begun a national search to replace Richard L. Beers, director of the Office of Retirement.

Mr. Beers, who is retiring July 1, had been in the retirement office for 11 years and in state service for 40 years. In his latest position, Mr. Beers was responsible for supervising all aspects of benefit administration for the state's retirement systems.

Chris De Rose, deputy director of the Department of Management and Budget, said Rita Pontz has been appointed as interim director.

Ms. Pontz, manager of the State Retirement System, has been responsible for the retirement systems of State Employees, Police, Judges and Probate Judges. Those funds are part of the seven-system State of Michigan Retirement Systems, with more than $20 billion in assets.

Mr. De Rose indicated the recruitment process is expected to take about three months.

— Christine Philip

Assets rise 19.7%; growth rate still slows

By Christine Philip

Assets invested in internationally and globally mandated accounts by U.S. tax-exempt institutions continued to rise in the year ended March 31, with a 19.7% increase in assets managed by international/global managers surveyed by *Pensions & Investments*.

The rate of growth, however, has continued to decline: for the 12 months ended March 31, 1991, assets increased 21.8%, and for the year ended March 31, 1990, 38%.

The slowdown is attributable to a number of factors, including continued poor performance of overseas markets. Consultants, however, remain optimistic. William F. McCarron, principal with Prime Buchholz & Associates Inc., Portsmouth, N.H., said: "Due to the underperformance of the international markets over the past three years, investors have been taking money out of international. But now is probably the time to go back into international, while the markets are still undervalued."

Andrew E. Rasmusen, a consultant at Hewitt Associates, Lincolnshire, Ill., concurred. "We are beginning to see a renewed interest in international products after a dropping off that seemed even more drastic than that demonstrated by *P&I*'s numbers," he said. "We expect international investing to regain levels of previous years. We will be back on track to the levels of several years ago, but it will be a gradual movement forward, rather than a surge. The rewards are definitely still there in terms of diversification benefits for the long-term investor."

The universe of 127 managers ran $133.7 billion in accounts mandated for international and global investment by U.S., institutional, tax-exempt clients, a rise from $111.7 billion a year earlier. Managers are ranked by assets over which they have full discretion and that re managed in-house.

Managers of managers and currency overlay managers are ranked separately.

The top 50 managers in the universe ran $118.9 billion as of March 31, an increase of 19.9% from the $99.2 billion in the prior year.

The top managers of international accounts ran $92.2 billion in assets, an increase of 19.7% from the $77 billion they managed a year earlier.

This outstripped the markets: International equities, as measured by the Morgan Stanley Capital International Europe Australia Far East Index, returned −7.7% in the year ended March 31; non-U.S. bonds, as measured by the J.P. Morgan Non-U.S. Government Bond Index, rose 15.1%. About 76% of the assets in the universe of international managers were in equities.

The top managers of global funds posted a growth of 17.2%, to $31.5 billion. Global equities, as measured by the Morgan Stanley Capital International World Index, returned −0.51% in the 12 months ended March 31. Global bonds, as measured by the Salomon World Bond Index grew 14%. About 52% of global assets were invested in equities.

The breakdown of international assets by managers as of March 31 was: $58.6 billion in active equity, $15.9 billion in active fixed-income, $465 million in balanced funds, $24.8 billion in indexed equity, $794 million in indexed fixed income and $826 million in other categories.

The global allocation breakdown was: $8.8 billion in active equity, $12.2 billion in active fixed income, $7.1 billion in balanced, $89 million in indexed equity, $156 million in indexed fixed income, and $3.6 billion in other categories, including tactical asset allocation products.

Sponsors have remained reluctant to commit assets to global equities, but are more comfortable with global bond portfolios. "Global fixed income has always been more popular than global equities, because sponsors want to be able to control their equity exposure abroad and in domestic markets," said Jim Waterman, senior vice president at InterSec Research Corp., Stamford, Conn. "A global portfolio provides further U.S. market exposure outside the sponsor's control."

He added global fixed income is "the structure of choice, because currency has become important to fixed-income portfolios. Funds want to be protected from currency variations, and so will go into a portfolio with a U.S. component in it."

Brian J. Murphy, director of consulting for Pension Portfolio Advisors, Chicago, said sponsors "have a more opportunistic approach to global bond markets. They are more linear, with less factors to figure out for managers. Managers are more comfortable with global bonds and so are sponsors because of their similarities to U.S. fixed-income instruments. The margins in global bonds aren't extraordinary, but managers can gain some value, especially through the use of currency hedging."

The use of institutional commingled funds and mutual funds by small and medium-size funds is increasing, say consultants, especially by first-time international investors. "Sponsors are seeing the value of pooled funds now for international equity and fixed income," said Mr. McCarron. "Smaller funds are realizing they can afford to invest internationally, using superior managers they couldn't afford before by using pooled vehicles. These vehicles are significantly less expensive than separately managed portfolios."

Mr. McCarron added smaller pension funds are attracted to mutual funds because global custody is included within the mutual fund service, thus avoiding separate custody fees and potential administrative problems. "Commingled trust products allow sponsors to access the advantages of pooled international investment and to avoid being eaten alive by fees," he said.

State Street Bank and Trust Co., Boston, ranked first among international/global managers for the sixth consecutive year. Its $10.6 billion in combined international and global assets represents a 12.3% increase from its assets last year. The firm is also the largest international manager with $10.567 billion in assets; only $42 million of its combined total is from globally mandated accounts.

Ranking second for the third consecutive year in international and global assets was Brinson Partners Inc., Chicago, with $10.4 billion in assets, a 28% increase from the previous year. Brinson Partners manages $6.4 billion in globally mandated accounts, putting it at the top of that ranking. It ranks sixth among international managers with about $4 billion in assets.

Wells Fargo Nikko Investment Advisors, San Francisco, moved to the third position from eighth last year, with assets of $8.2 billion.

Rounding out the top 10 managers: Capital Guardian Trust Co., Los Angeles, which slipped to fourth from third; Schroder Capital Management International, New York, moved to fifth place, pushing Rowe Price-Fleming International Inc., Baltimore, to sixth place; J.P. Morgan Investment Management Inc., New York, retained seventh place; Grantham, Mayo, Van Otterloo & Co., Boston, rose one place to rank eighth; while Baring International Investment, London, fell to ninth from fourth. Bankers Trust Co., New York, moved up to No. 10 from 18.

Nomura Capital Management Inc., New York, was pushed out of the top 10, dropping to No. 11.

A firm with major growth in the past year was Scudder, Stevens & Clark, New York, which had $1.859 billion in international/global assets as of March 31, a rise of 128% from last year's $814 million. The firm's international accounts rose 139% to $1.346 billion, from $564 million last year, and global accounts rose 105% to $513 million, from $250 million a year ago.

Douglas Louden, managing director at Scudder, Stevens & Clark, attributed the firm's growth to "the fact our performance has consistently been above the indices for the past five years for all of our product lines."

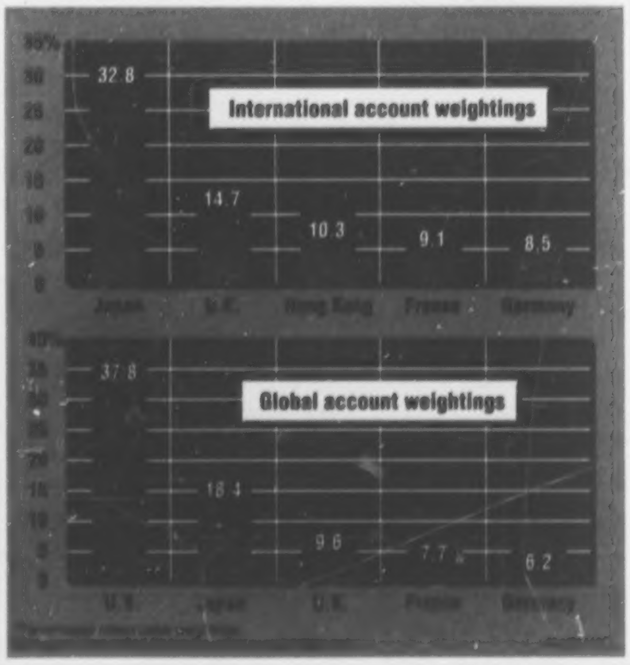
At year-end 1991, said Mr. Louden, the Scudder International Separate Account Composite returned 15.4%, vs. the EAFE's 12.5%; the Scudder Global Equities Composite was 22.3%, vs. 19% for the World Index; and the Global Bonds Composite was 25.1%, compared with 18% for the Salomon World Bond Index.

Mr. Louden said Scudder also had benefited from the latest wave of interest in international and global investing, the greater sophistication of investors, and improved marketing by the firm.

Mr. Louden said he has noticed

See **Increase** *on page 17*

Top equity draws*



Overseas managers

Ranked by combined international/global tax-exempt assets (as of March 31)

	U.S. $ millions		U.S. $ millions
1. State Street Bank	10,609	65. Rothschild Int'l	374
2. Brinson Partners	10,414	66. Citibank Global	366
3. Wells Fargo Nikko	8,231	67. Massachusetts Financial	353
4. Capital Guardian	6,200	68. Dusco	340
5. Schroder Capital	5,028	69. Daiwa Int'l	339
6. Rowe Price-Fleming	4,919	70. PDI Strategies	318
7. J.P. Morgan	4,546	71. Kleinwort Benson Int'l	311
8. Grantham Mayo v. Otterloo	4,477	72. Ballard Biehl & Kaiser	300
9. Baring Int'l	4,086	73. SBC Portfolio*	293
10. Bankers Trust	4,081	74. Posthorn Global	289
11. Nomura Capital	2,965	75. Prudential Asia	282
12. PanAgora Asset	2,926	76. Brandes Investment	275
13. WorldInvest	2,838	77. Smith Barney Global	255
14. Templeton Int'l	2,670	78. Parametric Portfolio	253
15. Oechsle Int'l	2,647	79. Yamaichi Int'l	248
16. Morgan Grenfell	2,522	80. GFM Int'l	241
17. TCW Global Advisors	2,507	81. Delaware int'l Advisors	240
18. Batterymarch Financial	2,126	82. Standish, Ayer & Wood	230
19. Morgan Stanley	2,030	83. Nikko Capital	210
20. Warburg Int'l	1,936	84. Baillie Gifford Overseas	203
21. Putnam	1,934	85. Marathon-London	201
22. Scudder Stevens & Clark	1,859	86. Wardley Investment	196
23. Fiduciary Trust	1,816	87. Schroder Ventures	170
24. Clay Finlay	1,783	88. Barclays de Zoete Wedd*	160
25. Boston Int'l	1,770	89. Martin Currie	153
26. Pacific Investment	1,445	90. Security Capital	140
27. Fischer Francis	1,432	91. County NatWest*	130
28. GE Investments	1,308	92. MacKay-Shields	123
29. Acadian Asset	1,190	93. Roll & Ross Asset	119
30. Global Fixed Income	1,166	94. Equitable Capital	114
31. Alliance Capital	1,124	95. Sit/Kim Int'l	90
32. Travelers	1,081	96. Wright Investors*	82
33. Payden & Rygel	1,050	97. Provident Capital	75
34. IDS Int'l	978	98. Lexington Mgmt.	73
35. Julius Baer	967	99. AIG Global Investors	70
36. HD Int'l	908	100. GAM Global Advisors	70
37. Miller, Anderson & Sherrerd	752	101. NationsBank	68
38. Hill Samuel Investment Adv.	717	102. Van Eck Associates	64
39. G.T. Capital	706	103. Interinvest	54
40. ANB Investment*	700	104. Ladas & Hulings	50
41. Dimensional Fund	699	105. Kankaku Capital	43
42. Boston Overseas	686	106. Union Capital Advisors	40
43. Marvin & Palmer	680	107. Northern Trust	37
44. Capital Research	669	108. Hotchkis and Wiley	36
45. Wellington Mgmt.	664	109. Goldman Sachs	30
46. Rogge Global	634	110. Strategic Investment Partners	28
47. Aetna Capital	622	111. Harris Investment *	25
48. Dunedin Fund	615	112. Vanguard Group.	22
49. Lazard Freres	604	113. Northeast Quadrant	20
50. PCM Int'l	600	114. Yield Enhancement Strategies	18
51. Mellon Capital	584	115. Paribas Asset	16
52. UBS Asset*	546	116. Johnson Capital	16
53. Arnhold & S. Bleichroeder	540	117. Soc. Gen. Touche Remnant	14
54. Axe Core Investors	496	118. Confederation Life USA	10
55. Mitchell Hutchins	488	119. Nicholas-Applegate Capital	10
56. Lombard Odier	463	120. Vontobel USA	10
57. BEA Associates	450	121. Seligman Henderson**	9
58. Brown Brothers *	438	122. Standard Life Portfolio	8
59. INVESCO MIM	432	123. Jansen	7
60. Pictet Int'l*	420	124. Gulfstream Global	6
61. CIGNA Int'l	414	125. STW Fixed Income	6
62. OFFITBANK	410	126. Draycott Partners	5
63. Fidelity Mgmt.	400	127. Pryford Int'l	2
64. Philippe Investment	399	Total	133,696

U.S. institutional, discretionary, tax-exempt assets
* as of Dec. 31, 1991
** P&I estimate

JOHN SMITHER

Acadian Asset Management
260 Franklin St., Boston, Mass. 02110;
(617) 439-6141

	($ millions)
Total discretionary assets managed	1,230
Non-U.S. pension assets	40
U.S. discretionary tax-exempt assets managed:	
Total	1,190
International	1,190
Active equity accounts	1,005
Other	185
Minimum separate account	25

Acadian Asset Management had $1.19 billion in international accounts as of March 31.

The firm's asset mix for international accounts was 98% equity, 2% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Belgium and Italy.

The firm uses a structured, disciplined, active multifactor approach. It systematically exploits characteristics such as low p/e and low p/b ratios and other pricing anomalies at both the country and individual stock level.

Analysts or portfolio managers are stationed in Boston.

The firm, a subsidiary of United Asset Management, has been registered with the SEC since 1986.

Gary L. Bergstrom is chief investment officer; Churchill G. Franklin is client contact.

Aetna Capital Management
151 Farmington Ave., YCC5, Hartford,
Conn. 06040; (203) 275-3710

	($ millions)
Total discretionary assets managed	46,813
U.S. discretionary tax-exempt assets managed:	
Total	46,813
International	506
Active equity accounts	164
Indexed equity accounts	342
Global	116
Active equity accounts	116
Minimum separate active account	30
Minimum separate index account	50

Aetna Capital Management Inc. had $505.5 million in international accounts and $115.5 million in global accounts as of March 31.

The firm's asset mix for international accounts was 99.8% equity, 0.2% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Singapore and Switzerland.

As of the same date, its global account asset mix was 82.4% equity, 15.6% bonds and 2% cash; equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and Australia.

Analysts or portfolio managers are stationed in Hartford, Tokyo, Hong Kong and London.

The firm, a subsidiary of Aetna Life Insurance Co., has been registered with the SEC since 1972.

Daniel P. Kearney is chief investment officer; John E. Arant is client contact.

Alliance Capital Management L.P.
1345 Avenue of the Americas, New
York, N.Y. 10105; (212) 969-1000

	($ millions)
Total discretionary assets managed	58,789
Non-U.S. pension assets	5,078

Increase

Continued from page 16

a definite trend during the last year toward existing clients asking Scudder to compete for other product line business in searches. "Sponsors seem to be downsizing the number of managers they have in their stables, while maintaining portfolio diversity," he said. "We seem to be moving into an environment that favors larger, more diversified money managers, with many more resources at their command, for international, as well as other investment classes."

Equity managers shifted their country weightings somewhat in the past year. Among international accounts, Japan continued to receive the heaviest weighting at 32.8%, up from 28.3% last year. The weightings are based on a composite of all accounts. The United Kingdom had the next highest weighting, 14.7%, up from 13.8%.

Hong Kong entered the top five equity ranking for the first time, with 10.3%, displacing Switzerland. France followed with 9.1% and Germany was next with 8.5%. Last year, France and Germany were weighted at 4.5% and 4.4% respectively.

Global equity managers continued to weight the United States most heavily, with 37.8% this year, compared with 30.4% last year. Japan retained second place in the weightings, but with a much higher 18.4%, compared with last year's 7.8%.

The United Kingdom was third in the global country weightings, with 9.6%, compared with 6.1% a year ago. France followed, moving to 7.7% from 1.8%. Germany was No. 5 with 6.2% this year, up from 2.7%.

Data for this story and the profiles and tables that follow came from responses to questionnaires sent to international and global money managers. To be profiled, a manager had to be ranked in the top 50 for international and/or global assets under management, for U.S., institutional, discretionary, tax-exempt clients. All contents are ©1992 Crain Communications Inc. Reproduction without permission is prohibited. ■

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INTERNATIONAL/GLOBAL MANAGERS

U.S. discretionary tax-exempt assets managed:	
Total	30,664
International	733
Active equity accounts	444
Indexed equity accounts	289
Global	391
Active equity accounts	11
Active bond accounts	321
Indexed equity accounts	59
Minimum separate account	10

Alliance Capital Management L.P. had $732.8 million in international accounts and $390.6 million in global accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to Japan, the United Kingdom, Germany, Switzerland and France.

As of the same date, its global account asset mix was 18% equity, 82% bonds; equity assets were committed most heavily to the United States, Canada, Italy, Sweden and Spain.

The firm's primary emphasis is on research driven stock selection within three major currency blocks (dollar, ECU and yen) and an emerging markets portfolio. It manages local markets and currency exposures actively on an overlay basis using derivatives and currency forwards.

The firm manages $1.751 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York and London.

The firm has been registered with the SEC since 1971.

Eric Johnson is client contact.

Arnhold & S. Bleichroeder International
45 Broadway, New York, N.Y. 10006;
(212) 943-9200

	($ millions)
Total discretionary assets managed	540
U.S. discretionary tax-exempt assets managed:	
Total	540
International	540
Active equity accounts	540
Minimum separate account	20

Arnhold & S. Bleichroeder International had $540 million in international accounts as of March 31.

All assets were in equities March 31; assets were committed most heavily to Switzerland, Mexico, Spain, the United Kingdom and Hong Kong.

The firm's objective is to add value through individual stock selection. It runs highly concentrated portfolios with a maximum of 30 stocks at a time.

Analysts or portfolio managers are stationed in New York.

The firm, a division of Arnhold & S. Bleichroeder Inc., has been registered with the SEC since 1975.

Howard B. Moss is chief investment officer; Frederic C. Reynolds is client contact.

Axe Core Investors Inc.
400 Benedict Ave., Tarrytown, N.Y.
10591; (914) 631-8131

	($ millions)
Total discretionary assets managed	1,011
U.S. discretionary tax-exempt assets managed:	
Total	971
International	498
Indexed equity accounts	498
Minimum separate account	10

Axe Core Investors Inc. had $497.5 million in international accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to Japan, the United Kingdom, Germany, France and Switzerland.

The firm takes an indexed approach, using American depository receipts.

Analysts or portfolio managers are stationed in Tarrytown.

The firm, a subsidiary of USF&G Corp., has been registered with the SEC since 1984.

Robert A. Windsor is chief investment officer; Seth M. Lynn Jr. is client contact.

Julius Baer Investment Management
330 Madison Ave., New York, N.Y.
10017; (212) 297-3850

	($ millions)
Total discretionary assets managed	1,093
Non-U.S. pension assets	81
U.S. discretionary tax-exempt assets managed:	
Total	992
International	967
Active equity accounts	15
Active bond accounts	947
Balanced	5
Minimum separate account	10

Julius Baer Investment Management had $967 million in international accounts as of March 31.

The firm's asset mix for international accounts was 2% equity, 98% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Holland and Germany.

The firm's investment policy is characterized by active country and currency allocation as well as active maturity management. Allocation decisions are based on fundamental economic research, concentrating on top-quality issuers in strong, stable countries. Its portfolios primarily are composed of government-agency issues, with an AA minimum requirement for corporate issues.

The firm manages $76 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London, Zurich, Frankfurt, Madrid, Tokyo and Boston.

The firm, a subsidiary of Baer Holding AG, has been registered with the SEC since 1983.

Jonathan C. Minter is chief investment officer; Jay Dirnberger is client contact.

Bailard Biehl & Kaiser
2755 Campus Drive, San Mateo, Calif.
94403; (415) 571-5800

	($ millions)
Total discretionary assets managed	1,300
Non-U.S. pension assets	15
U.S. discretionary tax-exempt assets managed:	
Total	300
Global	300
Minimum separate account	2

Bailard Biehl & Kaiser had $300 million in global accounts as of March 31.

Its global accounts asset mix was 40% equity, 35% bonds, 10% cash and 15% other; equity assets were committed most heavily to the United States, Japan and the United Kingdom.

The firm's investment approach is top-down, following an economics-based, multiasset scenario.

Analysts or portfolio managers are stationed in San Mateo.

The firm is registered with the SEC.

Christine D. Timmerman is client contact.

Bankers Trust Co.
280 Park Ave., 6W, New York, N.Y.
10017; (212) 454-2262

	($ millions)
Total discretionary assets managed	148,906
Non-U.S. pension assets	17,435
U.S. discretionary tax-exempt assets managed:	
Total	109,718

Top global account managers

(Assets as of March 31)

	U.S. $ millions
Brinson Partners	6,424
TCW Global	2,507
Templeton Int'l	1,936
Grantham Mayo van Otterloo	1,600
PanAgora Asset	1,499
Worldinvest	1,415
Fischer Francis	1,400
Putnam	1,392
Capital Guardian	1,155
Payden & Rygel	900
Global Fixed Income	859
J.P. Morgan	814
Fiduciary Trust	594
Scudder, Stevens & Clark	513
Travelers	503
Mitchell Hutchins	488
Bankers Trust	462
OFFITBANK	410
IDS Int'l	401
Capital Research	396
Alliance Capital	391
Clay Finlay	346
Dusco	340
Marvin & Palmer	330
Miller, Anderson & Sherrerd	330
Bailard Biehl & Kaiser	300
Massachusetts Financial	298
Rogge Global	294
Morgan Grenfell	281
INVESCO MIM	222
Oechsle Int'l	212
Schroder Capital	204
Brandes Investment	182
Barclays de Zoete Wedd*	160
Lazard Freres	157
Philippe Investment	154
Baring Int'l	148
Pacific Investment	129
G.T. Capital	118
Smith Barney Global	117
Aetna Capital	116
Morgan Stanley	110
Lombard Odier	103
Warburg Int'l	79
Lexington Mgmt.	73
Batterymarch Financial	70
Hill Samuel/Investment Adv.	67
Dunedin Fund	65
Van Eck	64
Boston Int'l	64
Equitable Capital	54
Interinvest	54
MacKay-Shields Financial	54
Total	31,549

* As of Dec. 31, 1991 JOHN SMITHER

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International	3,619
Active equity accounts	469
Active bond accounts	1,006
Indexed equity accounts	2,144
Global	462
Active bond accounts	58
Other	404
Minimum separate account	1

Bankers Trust Co. had $3.619 billion in international accounts and $462 million in global accounts as of March 31.

The firm's asset mix for international accounts was 72% equity, 28% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Germany and Hong Kong.

As of the same date, its global account asset mix was 5% bonds, 95% other; equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and Germany.

The firm employs a top-down, macro-economic approach. Emphasis is placed on country and security selection.

The firm runs $995.5 million of U.S. discretionary tax-exempt assets in managed currency overlay strategies. Of the underlying assets, $404 million is managed internally.

The firm manages $3.851 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, London, Japan, Australia, Thailand, Hong Kong and Zurich.

The firm is a subsidiary of Bankers Trust New York Corp.

H. Kent Atkins is chief investment officer; Alex Mount is client contact.

Barclays de Zoete Wedd Investment Management

Seal House, 1 Swan Lane, London,
England EC4R 3UD; 071-623-7777

	($ millions)
Total discretionary assets managed	43,000
Non-U.S. pension assets	42,840
U.S. discretionary tax-exempt assets managed:	
Total	160
Global	160
Balanced	160
Minimum separate account	25

Barclays de Zoete Wedd Investment Management Ltd. had $160 million in global accounts as of Dec. 31.

Its global account asset mix was 62% equity, 35% bonds and 3% cash; equity assets were committed most heavily to the United States, Germany, Belgium, France and Spain.

The firm begins by establishing an appropriate benchmark for each client to reflect risk/return tolerance. This determines the optimum asset allocation and stock selection process, generally with an index-tracking, core/satellite or disciplined active approach.

The firm manages $2.823 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London, New York, Tokyo, Paris, Madrid, Amsterdam, Munich, Frankfurt, Hong Kong, Sydney, Melbourne, Wellington, Aukland, Chicago, Seoul, Bangkok, Manila, Singapore and Taipei.

The firm, a subsidiary of Barclays Bank PLC, has been registered with the SEC since 1981.

Donald Brydon is chief investment officer; Jane Platt is client contact.

Barings

150 Federal St., Boston, Mass. 02110;
(617) 330-7494

	($ millions)
Total discretionary assets managed	5,631
Non-U.S. pension assets	703
U.S. discretionary tax-exempt assets managed:	
Total	4,929
International	3,938
Active equity accounts	1,666
Active bond accounts	1,920
Other	352
Global	148
Active equity accounts	62
Active bond accounts	86
Minimum separate equity account	25
Minimum separate bond account	15

Barings had $3.938 billion in international accounts and $148.4 million in global accounts as of March 31.

The firm's asset mix for international accounts was 42% equity, 49% bonds and 9% other as of March 31. Its global account asset mix was 42% equity, 58% bonds.

The firm uses a top-down, macroeconomic policy and asset allocation, with bottom-up issue selection.

The firm manages $702.8 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London, Tokyo, Hong Kong and Boston.

The firm, a subsidiary of Baring Asset Management, has been registered with the SEC since 1980.

Peter S. Hartley is chief investment officer; Michael F. Palone is client contact.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass.
02210; (617) 973-9300

	($ millions)
Total discretionary assets managed	5,344
Non-U.S. pension assets	152
U.S. discretionary tax-exempt assets managed:	
Total	3,348
International	2,056
Active equity accounts	2,056
Global	70
Active equity accounts	70
Minimum separate account	10

Batterymarch Financial Management had $2.056 billion in international accounts and $70 million in global accounts as of March 31.

The firm's asset mix for international accounts was 96.2% equity, 3.8% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Italy.

As of the same date, its global account asset mix was 96.2% equity, 3.8% cash; equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and Germany.

The firm is value oriented and conservative, developing strategies to identify underpriced stocks. These strategies are implemented using systematic, quantitative techniques.

The firm manages $1.342 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Boston.

The firm has been registered with the SEC since 1969.

Dean LeBaron is chief investment officer; James C. Pannell is client contact.

Real estate directory: Aug. 31.

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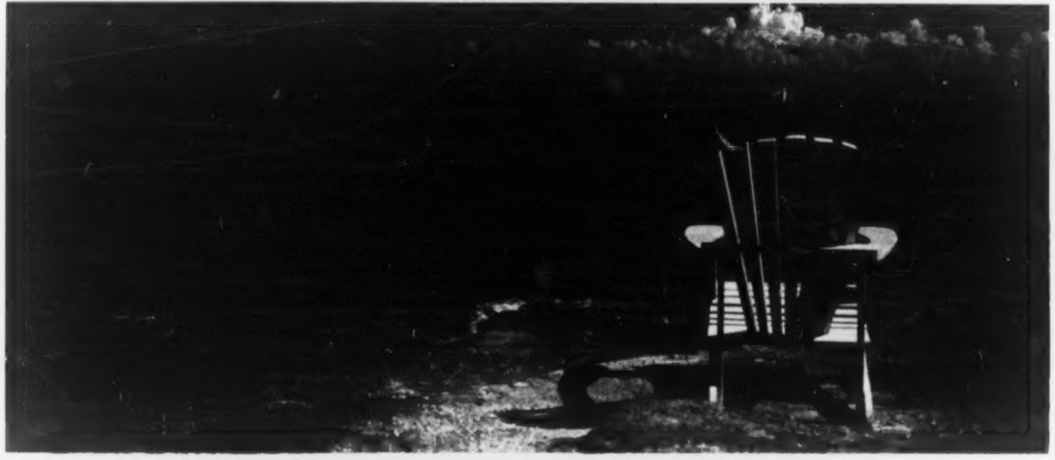

Pension Fund Administration from The Bank of Bermuda.

The global village is growing. Increasingly employees of businesses spend part, if not all, of their careers working in countries other than their home country. As a consequence, Employee Benefit managers now have to re-structure benefit schemes to accommodate their "third country national" employees. But where should these plans be established and who should provide the necessary services?

The Bank of Bermuda has been assisting both Employee Benefit managers and closely related Mutual Fund managers in answering these difficult and complex questions for over thirty years. As a highly rated and conservative institution, the provision of financial services has always been the Bank's core business. Our offices in Bermuda, Cayman, the Channel Islands, Dublin, Hong Kong, the Isle of Man and Luxembourg provide all the advantages for establishing benefit schemes to meet each client's every requirement.

Our New York State chartered bank and our IMRO recognised subsidiary in London give our clients access to these important business centres and to other areas of the world in which we are represented. Our telecommunications network allows us to communicate from office to office, person to person and bank to customer, around the world and around the clock.

We offer all of the support services – Global Custody, Accounting, Valuation, Participant Record Keeping, and general administrative support. Our knowledge of, and experience with, international law and regulations governing benefit schemes is invaluable in helping clients structure the most beneficial plans.

The Bank of Bermuda creates unique solutions to complex problems for our clients every day through a combination of skilled people, advanced systems, strategic locations, and customised services.

For more information on The Bank of Bermuda, please contact Lily Outerbridge at The Bank of Bermuda Ltd., 6 Front St., P.O. Box 1020, Hamilton, Bermuda HM DX or call: 809-295-4000 ext. 3554.

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BEA Associates
153 E. 53rd St., 58th Floor, New York,
N.Y. 10022; (212) 832-2626

	($ millions)
Total discretionary assets managed	15,609
U.S. discretionary tax-exempt assets managed:	
Total	12,737
International	431
Active equity accounts	431
Global	19
Active equity accounts	19
Minimum separate account	5

BEA Associates had $431 million in international accounts and $19 million in global accounts as of March 31.

The firm's asset mix for international accounts was 100% equity as of March 31; assets were committed most heavily to Mexico, Japan, Thailand, the United Kingdom and Germany.

As of the same date, its global account asset mix was 100% equity; assets were committed most heavily to Mexico, the United States, Japan, Brazil and Argentina.

The firm focuses on identification of investment opportunities created by market inefficiencies.

The firm runs $18 million of discretionary tax-exempt assets in currency hedging programs. None of the underlying assets is managed internally.

The firm manages $498 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York.

The firm has been registered with the SEC since 1966.

William W. Priest Jr. is chief investment officer; Timothy T. Taussig is client contact.

Boston International Advisors Inc.
75 State St., Boston, Mass. 02109;
(617) 345-9550

	millions)
Total discretionary assets managed	2,056
Non-U.S. pension assets	24
U.S. discretionary tax-exempt assets managed:	
Total	1,770
International	1,716
Active equity accounts	518
Indexed equity accounts	1,198
Global	54
Active equity accounts	54
Minimum separate account	25

Boston International Advisors Inc. had $1.716 billion in international accounts and $53.6 million in global accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to Japan, France, Australia, Italy and Spain.

As of the same date, all global account assets were in equities; assets were committed most heavily to the United States, Japan, France, the United Kingdom and Australia.

The firm uses value-driven, quantitative techniques to allocate among the world markets and to select stocks within those markets. It also provides strategic currency hedging, an emerging markets strategy, customized index funds and fixed-income management.

The firm runs $963.9 million of discretionary tax-exempt assets in currency hedging strategies. All of the underlying assets are managed internally.

Analysts or portfolio managers are stationed in Boston.

The firm has been registered with the SEC since 1987.

Lyle H. Davis is chief investment officer; Jennifer Dunning is client contact.

Boston Overseas Investors
125 Summer St., Boston, Mass.
02110; (617) 951-0004

	($ millions)
Total discretionary assets managed	1,258
U.S. discretionary tax-exempt assets managed:	
Total	698
International	698
Active equity accounts	698

Boston Overseas Investors Inc. had $698 million in international accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to the United Kingdom, Switzerland, France, Spain and Hong Kong.

The firm looks for companies with strong earnings expectations that appear undervalued.

Analysts or portfolio managers are stationed in Boston.

The firm is registered with the SEC.

Hakan Castegren is chief investment officer; Ted Wendell is client contact.

Brandes Investment Management
12750 High Bluff Drive, Suite 420, San
Diego, Calif. 92130; (619) 755-0239

	($ millions)
Total discretionary assets managed	275
U.S. discretionary tax-exempt assets managed:	
Total	275
International	93
Active equity accounts	93
Global	182
Active equity accounts	182
Minimum separate account	0.1

Brandes Investment Management Inc. had $93 million in international accounts and $182 million in global accounts as of March 31.

The firm's asset mix for international accounts was 90% equity, 10% cash as of March 31; equity assets were committed most heavily to Hong Kong, the Netherlands, Mexico, Spain and the United Kingdom.

As of the same date, its global account asset mix was 90% equity, 10% cash; equity assets were committed most heavily to the United States, Hong Kong, the Netherlands, Mexico and Spain.

The firm follows a value-oriented, bottom-up approach using Graham & Dodd analysis. The strategy seeks low p/es and conservative balance sheets.

Analysts or portfolio managers are stationed in San Diego.

The firm is registered with the SEC.

Charles H. Brandes is chief investment officer; Barry O'Neil is client contact.

Brinson Partners Inc.
3 First National Plaza, Chicago, Ill.
60602-4298; (312) 220-7100

	($ millions)
Total discretionary assets managed	21,790
Non-U.S. pension assets	298
U.S. discretionary tax-exempt assets managed:	
Total	19,792
International	3,990
Active equity accounts	2,313
Active bond accounts	1,671
Balanced	6
Global	6,424
Active equity accounts	386

Top international account managers

(Assets as of March 31)

	U.S. $ millions
State Street Bank	10,567
Wells Fargo Nikko	8,231
Capital Guardian	5,045
Rowe Price-Fleming	4,893
Schroder Capital	4,824
Brinson Partners	3,990
Baring Int'l	3,938
J.P. Morgan	3,732
Bankers Trust	3,619
Nomura Capital	2,942
Grantham, Mayo, V. Otterloo	2,677
Oechsle Int'l	2,435
Morgan Grenfell	2,241
Batterymarch Financial	2,056
Morgan Stanley	1,920
Warburg Int'l	1,857
Boston Int'l	1,716
Clay Finlay	1,437
PanAgora Asset	1,427
WorldInvest	1,424
Scudder, Stevens & Clark	1,346
Pacific Investment	1,316
GE Investments	1,308
Fiduciary Trust	1,222
Acadian Asset	1,190
Julius Baer Investment	967
HD Int'l	876
Templeton Int'l	734
Alliance Capital	733
ANB Investment *	700
Boston Overseas	698
Dimensional Fund	665
Hill Samuel/Investment Adv.	650
Wellington Management	628
PCM Int'l	603
G.T. Capital	588
IDS Int'l	577
Mellon Capital	552
Dunedin Fund	550
Travelers	548
Putnam	542
Arnold & S. Bleichroeder	540
UBS Asset *	540
Aetna Capital	506
Axe Core Investors	498
Lazard Freres	447
Brown Brothers *	433
BEA Associates	431
Miller, Anderson & Sherrerd	422
Pictet Int'l	420
Total	92,221

U.S. institutional discretionary tax-exempt assets

* As of Dec. 31, 1991 A.TRANCHITA

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Active bond accounts	473
Balanced	5,565
Minimum separate account	25

Brinson Partners Inc. had $3.99 billion in international accounts and $6.424 billion in global accounts as of March 31.

The firm's asset mix for international accounts was 53% equity, 36% bonds and 11% cash as of March 31; equity assets were committed most heavily to the United Kingdom, Japan, Germany, Canada and France.

As of the same date, its global account asset mix was 27% equity, 58% bonds, 12% cash and 3% other; equity assets were committed most heavily to the United States, the United Kingdom, Japan, Germany and Canada.

The firm's emphasis is on global, fundamental, economic, value-based cash flow analysis. The process is disciplined and top-down. Broad diversification is sought both within and across countries. Risk control is emphasized.

The firm runs $40 million of discretionary tax-exempt assets in currency overlay strategies with fully hedged benchmarks. None of the underlying assets is managed internally.

The firm manages $1.196 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Chicago, London and Tokyo.

The firm has been registered with the SEC since 1989.

Gary P. Brinson is chief investment officer; Edward C. Hamill is client contact.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005;
(212) 483-1818

	($ millions)
Total discretionary assets managed	12,500
Non-U.S. pension assets	87
U.S. discretionary tax-exempt assets managed:	
Total	5,472
International	433
Active equity accounts	423
Active bond accounts	10
Minimum separate account	5

Brown Brothers Harriman & Co. had $433 million in international accounts as of Dec. 31.

The firm's equity assets were committed most heavily to Japan, the United Kingdom, Germany, Singapore/Malaysia and France.

The firm is a growth manager, taking a bottom-up, fundamental approach to stock selection and a top-down approach to country selection.

The firm manages $2.613 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, Tokyo and London.

Elbridge T. Gerry Jr. is chief investment officer; Paul A. Legvold is client contact.

Capital Guardian Trust

333 S. Hope St., Los Angeles, Calif.
90071; (213) 486-9200

	($ millions)
Total discretionary assets managed	25,991
Non-U.S. pension assets	252
U.S. discretionary tax-exempt assets managed:	
Total	25,427
International	5,045
Active equity accounts	4,803
Active bond accounts	242
Global	1,155
Active equity accounts	837
Active bond accounts	88
Balanced	211
Other	19
Minimum separate account	10

Capital Guardian Trust Co. had $5.045 billion in international accounts and $1.155 billion in global accounts as of March 31.

The firm's asset mix for international accounts was 90% equities, 4% bonds and 6% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Hong Kong.

As of the same date, its global account asset mix was 82% equity, 14% bonds and 4% cash; equity assets were committed most heavily to the United States, Japan, Germany, the United Kingdom and Switzerland.

The firm uses a fundamental, value-oriented approach. An additional focus is provided by analysts with country, economic, political and social overview responsibilities.

Analysts or portfolio managers are stationed in Los Angeles, San Francisco, New York, Washington, London, Geneva, Tokyo, Hong Kong and Singapore.

The firm is a subsidiary of The Capital Group Inc.

Richard C. Barker is chief investment officer; John H. Seiter is client contact.

Capital Research & Management Co.

333 S. Hope St., Los Angeles, Calif.
90071; (213) 486-9200

	($ millions)
Total discretionary assets managed	60,178
U.S. discretionary tax-exempt assets managed:	
Total	5,790
International	273
Active equity accounts	273
Global	396
Active equity accounts	384
Active bond accounts	12

Capital Research & Management Co. had $273 million in international accounts and $395.6 million in global accounts as of March 31.

The firm's asset mix for international accounts was 86.1% equity, 1.2% bonds and 13.7% cash as of March 31; equity assets were committed most heavily to the United Kingdom, Germany, Japan, Switzerland and France.

As of the same date, the asset mix for global accounts was 82.4% equity, 3.8% bonds and 13.8% cash; equity assets were committed most heavily to the United States, the United Kingdom, Germany, the Netherlands and Japan.

The firm's investment approach is fundamental, seeking to identify the difference between the underlying value of a company and the market price of its securities.

Analysts or portfolio managers are stationed in Los Angeles, San Francisco, New York, London, Geneva, Tokyo, Hong Kong and Singapore.

The firm, a subsidiary of The Capital Group Inc., has been registered with the SEC since 1933.

R. Michael Shanahan is chief investment officer; Victor S. Sidhu is client contact.

Clay Finlay Inc.

200 Park Ave., 56th Floor, New York,
N.Y. 10166; (212) 557-7022

	($ millions)
Total discretionary assets managed	2,892
Non-U.S. pension assets	802
U.S. discretionary tax-exempt assets managed:	
Total	1,783
International	1,437
Active equity accounts	1,437
Global	346
Active equity accounts	338
Balanced accounts	8
Minimum separate account	30

Clay Finley Inc. had $1.437 billion in international accounts and $345.9 million in global accounts as of March 31.

The firm's asset mix for international accounts was 97.1% equity, 2.9% cash as of March 31; equity assets were committed most heavily to Japan, the Netherlands, France, England and Hong Kong.

As of the same date, its global account asset mix was 98.6% equity, 1.4% cash; equity assets were committed most heavily to the United States, Japan, the Netherlands, France and England.

The firm is an active asset allocator focusing on quality growth at a reasonable price.

The firm manages $155 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, London, Geneva, Tokyo and Melbourne.

The firm has been registered with the SEC since 1982.

Francis Finlay is chief investment officer and client contact.

Foreign exchanges: Sept. 14.

The Common Fund

363 Reef Road, Fairfield, Conn.
06430; (203) 255-7000

	($ millions)
Total discretionary assets managed	13,432
U.S. discretionary tax-exempt assets managed:	
Total	13,432

The firm has a diversified multiple-manager approach that combines strategies of growth, value, special situations and emerging markets.

As of March 31, $1.242 billion in international accounts and $690 million in global accounts was managed on the fund's behalf by external managers. In addition, $125 million was managed in currency overlay strategies.

George Keane is chief investment officer; Curt Tobey is client contact.

Dimensional Fund Advisors

1299 Ocean Ave., 11th Floor, Santa
Monica, Calif. 90401; (310)
395-8005

	($ millions)
Total discretionary assets managed	6,596
Non-U.S. pension assets	33
U.S. discretionary tax-exempt assets managed:	
Total	5,190
International	685
Indexed equity accounts	685
Global	14
Indexed bond accounts	14

Dimensional Fund Advisors Inc. had $685 million in international accounts and $14 million in global accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to Japan, the United Kingdom, France, Germany and Italy.

As of the same date, all global account assets were in bonds.

The firm provides access to small company investing in the major international regions. Investments are made in a broadly diversified group of small companies in Japan, the United Kingdom, continental Europe and Asia/Australia.

The firm manages $33 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Santa Monica and London.

The firm is registered with the SEC.

Rex A. Sinquefield is chief investment officer; David G. Booth is client contact.

Emerging markets: Oct. 26.

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Dunedin Fund Managers Ltd.

Dunedin House, 25 Ravelston
Terrace, Edinburgh, Scotland EH4
3EX; 031-315-2500

	($ millions)
Total discretionary assets managed	4,817
Non-U.S. pension assets	1,363
U.S. discretionary tax-exempt assets managed:	
Total	634
International	550
Active equity accounts	500
Active bond accounts	50
Global	65
Active equity accounts	65
Minimum separate account	10

Dunedin Fund Managers Ltd. had $550 million in international accounts and $65 million in global accounts as of March 31.

The firm's asset mix for international accounts was 87% equity, 10% bonds and 3% cash as of March 31. As of the same date, its global account asset mix was 98% equity, 2% cash.

The equity approach includes active country/currency allocation and stock selection. The firm follows a structured, systematic process using a number of quantitative disciplines, combined with fundamental analysis and on-site visits.

The firm manages $326 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Edinburgh, Tokyo, Montreal and Chicago.

The firm has been registered with the SEC since 1985.

Alan S. Kemp is chief investment officer; Douglas B. Waggoner is client contact at (514) 499-9348 or (312) 214-2585.

Dusco Inc.

100 Park Ave., New York, N.Y. 10017;
(212) 972-4080

	($ millions)
Total discretionary assets managed	1,052
Non-U.S. pension assets	318
U.S. discretionary tax-exempt assets managed:	
Total	340
Global	340
Real estate	340
Minimum separate account	5

Dusco Inc. had $340 million in global real estate accounts as of March 31.

The firm manages $454 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, Philadelphia and London.

Paul B. Babik is chief investment officer; Randall C. Stein is client contact.

Equitable Capital Management Corp.

1221 Avenue of the Americas, New
York, N.Y. 10020; (212) 382-8052

	($ millions)
Total discretionary assets managed	35,663
U.S. discretionary tax-exempt assets managed:	
Total	25,676
International	60
Active equity accounts	51
Private placements	9
Global	54
Active equity accounts	42
Cash	12
Minimum separate account	10

Equitable Capital Management Corp. had $60 million in international accounts and $54 million in global accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to Japan, the United Kingdom, France, Hong Kong and Singapore/Malaysia.

As of the same date, its global account asset mix was 78% equity, 22% cash; equity assets were committed most heavily to the United States, Japan, the United Kingdom, Singapore/Malaysia and Hong Kong.

The firm diversifies portfolios by market and industry, and invests in small- to medium-cap stocks.

The firm manages $3.073 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, London, Tokyo and Chicago.

The firm, a subsidiary of Equitable Life Assurance Society of the United States, has been registered with the SEC since 1985.

John Miller is chief investment officer; Joe Briggs is client contact.

Fiduciary Trust Co. International

2 World Trade Center, New York, N.Y.
10048; (212) 466-4100

	($ millions)
Total discretionary assets managed	12,034
Non-U.S. pension assets	180
U.S. discretionary tax-exempt assets managed:	
Total	6,563
International	1,222
Active equity accounts	5
Active bond accounts	1,217
Global	594
Active bond accounts	231
Balanced	363
Minimum separate account	10

Fiduciary Trust Co. International had $1.222 billion in international accounts and $594 million in global accounts as of March 31.

The firm's international equity assets were committed most heavily to the United Kingdom, Japan, Hong Kong, France and Germany as of March 31.

As of the same date, global equity assets were committed most heavily to the United States, the United Kingdom, Japan and France.

The firm analyzes worldwide markets to build portfolios with the greatest potential for return within each client's risk tolerance. Equity, bond and balanced accounts may be global or international with currency management an integral part of investments.

The firm manages $438 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, London and Geneva.

Jeremy H. Biggs is chief investment officer; Catherine K. Janson is client contact.

Fischer Francis Trees & Watts Inc.

717 Fifth Ave., 14th Floor, New York,
N.Y. 10022; (212) 350-8000

	($ millions)
Total discretionary assets managed	18,265
Non-U.S. pension assets	30
U.S. discretionary tax-exempt assets managed:	
Total	16,067
International	32
Active bond accounts	32
Global	1,400
Active bond accounts	1,400

Fischer Francis Trees & Watts Inc. had $32 million in international accounts and $1.4 billion in global accounts as of March 31.

The firm manages $4.029 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York and London.

The firm is registered with the SEC.

John H. Watts is chief investment officer; S. Bruce Kauffman is client contact.

FX Concepts Inc.

100 Maiden Lane, New York, N.Y.
10038; (212) 363-7450

($ millions)

FX Concepts Inc. runs $1.123 billion of discretionary tax-exempt assets in selective hedging programs, using currency as an asset class. None of the underlying assets is managed internally.

Analysts or portfolio managers are stationed in New York City and Rochester, N.Y.

The firm, a subsidiary of International Foreign Exchange Concepts Inc., has been registered with the SEC since 1986.

John R. Taylor Jr. is chief investment officer; John R. Serhant is client contact.

GE Investments

3003 Summer St., Stamford, Conn.
06905; (203) 326-2353

	($ millions)
Total discretionary assets managed	40,536
Non-U.S. pension assets	11
U.S. discretionary tax-exempt assets managed:	
Total	34,129
International	1,308
Active equity accounts	1,308
Minimum separate account	10

GE Investments had $1.308 billion in international accounts as of March 31.

The firm's asset mix for international accounts was 96% equity and 4% cash as of March 31; equity assets were committed most heavily to Japan, France, Germany, Hong Kong and the Netherlands.

The firm uses a fundamental bottom-up approach to select growth stocks trading at reasonable prices and applying a top-down macroeconomic overlay to diversify portfolio risk. This approach involves the identification of medium- to large-size companies with potential to grow faster than the norm, whose value has not been fully recognized by the market.

Analysts or portfolio managers are stationed in Stamford and London.

The firm, a subsidiary of General Electric Co., has been registered with the SEC since 1988.

Dale Frey is chief investment officer; Robin Stadler is client contact.

Global Fixed Income Advisors

751 Broad St., 2 Plaza, Newark, N.J.
07102-3777; (201) 802-8062

	($ millions)
Total discretionary assets managed	5,366
Non-U.S. pension assets	417
U.S. discretionary tax-exempt assets managed:	
Total	1,155
International	296
Active bond accounts	296
Global	859
Active bond accounts	859
Minimum separate account	20

Global Fixed Income Advisors had $296 million in international accounts and $859 million in global accounts as of March 31.

All international account assets were in bonds March 31. As of the same date, its global account asset mix was 87% bonds and 13% cash.

The firm aims to maximize total return through active management of currency and interest rate exposure. The approach is fundamental, uses tech-

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Paul Barker Hong Kong Tel (852) 847 2788 Fax (852) 521 7765

nical analysis and is designed to be pragmatic to achieve strong, consistent returns.

The firm runs $175 million of discretionary tax-exempt assets in currency hedging. All of the underlying assets is managed internally.

The firm manages $215 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Newark.

The firm, a subsidiary of Prudential Insurance Co. of America, has been registered with the SEC since 1984.

Nicholas P. Sargen is chief investment officer; Ann E. Kale is client contact.

Grantham, Mayo, Van Otterloo & Co.

40 Rowes Wharf, Boston, Mass.
02110; (617) 330-7500

	($ millions)
Total discretionary assets managed	9,816
Non-U.S. pension assets	576
U.S. discretionary tax-exempt assets managed:	
Total	8,542
International	2,677
Active equity accounts	2,677
Global	1,800
Active equity accounts	1,666
Active bond accounts	134

Grantham Mayo Van Otterloo & Co. had $2.677 billion in international accounts and $1.8 billion in global accounts as of March 31.

All international account assets were in equities March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Germany and the Netherlands.

As of the same date, its global account equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and Germany.

The firm uses a value-oriented fundamental as well as quantitative active approach.

Analysts or portfolio managers are stationed in Boston and London.

The firm has been registered with the SEC since 1977.

David Salem is client contact.

G.T. Capital Management

50 California St., 27th Floor, San
Francisco, Calif. 94111-4624; (415)
392-6181

	($ millions)
Total discretionary assets managed	11,898
Non-U.S. pension assets	2,275
U.S. discretionary tax-exempt assets managed:	
Total	706
International	588
Active equity accounts	588
Global	118
Active equity accounts	118
Minimum separate account	10

G.T. Capital Management Inc. had $588 million in international accounts and $118 million in global accounts as of March 31.

All international account assets were in equities March 31; equity assets were committed most heavily to Hong Kong, Japan, Australia, the United Kingdom and Mexico.

As of the same date, all global account assets were in equities; equity assets were committed most heavily to the United States, Hong Kong, Australia, the United Kingdom and Japan.

The firm focuses on early identification of global investment opportunities. It emphasizes shifts in monetary and fiscal policy and innovations in technology and management strategy. Change is identified through fundamental research supplied by a global network of on-site investment professionals.

The firm runs $706 million of discretionary tax-exempt assets in currency hedging. All of the underlying assets are managed internally.

The firm manages $116 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London, Hong Kong, Tokyo, Singapore and Sydney.

The firm, a subsidiary of G.T. Management PLC, has been registered with the SEC since 1974.

Christian Wignall is chief investment officer; Earle A. Malm II is client contact.

HD International Inc.

126 E. 56th St., New York, N.Y.
10128; (212) 753-0600

	($ millions)
Total discretionary assets managed	1,621
Non-U.S. pension assets	389
U.S. discretionary tax-exempt assets managed:	
Total	908
International	876
Active equity accounts	876
Global	32
Active equity accounts	32
Minimum separate account	20

HD International Inc. had $876 million in international accounts and $32 million in global accounts as of March 31.

All international account assets were in equities March 31; equity assets were committed most heavily to Japan, Germany, the United Kingdom, France and Spain.

As of the same date, its global account asset mix was 98% equity and 2% cash; equity assets were committed most heavily to the United States, Japan, Germany, the United Kingdom and Hong Kong.

The firm uses a top-down approach based on forecasting of key economic variables. Portfolios are invested by selecting countries with sustainable, above-average economic growth focusing on sectors within these specific countries.

The firm manages $220 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London.

The firm has been registered with the SEC since 1987.

James Heyworth-Dunne is chief investment officer; Jay S. Mancus is client contact.

Hill Samuel/Investment Advisers Ltd.

3100 First Bank Place, Minneapolis,
Minn. 55440; (612) 376-2600

	($ millions)
Total discretionary assets managed	753
U.S. discretionary tax-exempt assets managed:	
Total	717
International	650
Active equity accounts	607
Active bond accounts	12
Balanced	31
Global	67
Active equity accounts	19
Balanced	48
Minimum separate account	15

Hill Samuel/Investment Advisers Ltd. had $650 million in international accounts and $67 million in global accounts as of March 31.

The firm's asset mix for international accounts

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was 54% equity, 40% bonds and 6% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Germany and Australia.

As of the same date, its global account asset mix was 54% equity and 46% bonds; equity assets were committed most heavily to the United States, Italy, France, the United Kingdom and Germany.

The firm uses a fundamental, value-oriented approach.

Analysts or portfolio managers are stationed in London.

The firm, a subsidiary of TSB Group PLC, has been registered with the SEC since 1982.

Roy Gillson is chief investment officer; Anne P. Holloran is client contact.

IDS International Inc.

IDS Tower 10, Minneapolis, Minn.
55440; (612) 671-1335

	($ millions)
Total discretionary assets managed	1,633
Non-U.S. pension assets	391
U.S. discretionary tax-exempt assets managed:	
Total	978
International	577
Active equity accounts	546
Other	31
Global	401
Active equity accounts	247
Other	154
Minimum separate account	10

IDS International Inc. had $577 million in international accounts and $401 million in global accounts as of March 31.

The firm's asset mix for international accounts was 95% equity and 5% cash as of March 31; equity assets were committed most heavily to Japan, France, Switzerland, the United Kingdom and Germany.

As of the same date, its global account asset mix was 96% equity and 4% cash; equity assets were committed most heavily to Japan, the United States, France, Germany and Switzerland.

The firm uses a top-down/bottom-up approach. It also provides active/passive management which differs from its fully active approach in that stocks are passively selected through computer optimization designed to simulate a specified benchmark.

The firm manages $65 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London and Minneapolis.

The firm, a subsidiary of IDS Financial Corp., has been registered with the SEC since 1981.

Peter Lamaison is chief investment officer; Diane K. Vener is client contact.

Interinvest Corp.

84 State St., Seventh Floor, Boston,
Mass. 02154; (617) 723-7870

	($ millions)
Total discretionary assets managed	130
U.S. discretionary tax-exempt assets managed:	
Total	54
Global	54
Active equity accounts	49
Balanced	5
Minimum separate account	1

Interinvest Corp. had $54 million in global accounts as of March 31.

As of the same date, its global account asset mix was 60% equity, 10% bonds and 30% cash; equity assets were committed most heavily to the United States, Japan and the United Kingdom.

The firm uses a top-down geopolitical and geoeconomic approach to asset allocation, currency selection and sector allocation. Individual equities are selected using fundamental security analysis.

Analysts or portfolio managers are stationed in Montreal, Boston and Zurich.

The firm has been registered with the SEC since 1980.

Hans Black is chief investment officer; Stanley T. Schmidt is client contact.

INVESCO MIM International

101 E. 52nd St., 25th Floor, New York,
N.Y. 10022; (212) 888-5820

	($ millions)
Total discretionary assets managed	823
Non-U.S. pension assets	391
U.S. discretionary tax-exempt assets managed:	
Total	432
International	210
Active equity accounts	210
Global	222
Active equity accounts	131
Active bond accounts	3
Balanced	88
Minimum separate account	10

INVESCO MIM International had $210 million in international accounts and $222 million in global accounts as of March 31.

The firm's asset mix for international accounts was 96% equity, 4% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Australia, France and Singapore.

As of the same date, its global account asset mix was 83.6% equity, 11.8% bonds and 4.6% cash; equity assets were committed most heavily to the United States, Japan, the United Kingdom, Australia and Singapore.

The firm's uses a top-down approach for asset allocation and country weightings. Security selection is bottom-up, based on company fundamentals in local market contexts. Its equity approach is value-oriented, using sector rotation. Its fixed-income strategy employs objective analysis of relative liquidity and available real yields.

The firm manages $216 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Tokyo, London, Atlanta and Hong Kong.

The firm, a subsidiary of INVESCO MIM PLC, has been registered with the SEC since 1987.

Donald Walker is chief investment officer; Frank J. Keeler is client contact.

Lazard Freres Asset Management

1 Rockefeller Plaza, New York, N.Y.
10020; (212) 632-6000

	($ millions)
Total discretionary assets managed	18,107
Non-U.S. pension assets	148
U.S. discretionary tax-exempt assets managed:	
Total	15,729
International	447
Active equity accounts	447
Global	157
Active equity accounts	55
Active bond accounts	10
Balanced	92
Minimum separate account	5

Lazard Freres Asset Management had $447 billion in international accounts and $157 million in global accounts as of March 31.

The firm's asset mix for international accounts was 93.3% equity, 6.7% cash as of March 31; equity assets were committed most heavily to the United Kingdom, France, Switzerland, Hong Kong and Germany.

As of the same date, its global account asset mix was 69.2% equity, 22.6% bonds and 8.2% cash; equity assets were committed most heavily to the United States, the United Kingdom, France, Hong Kong and Mexico.

The firm uses bottom-up value stock selection, focusing on companies that are financially productive yet inexpensively priced.

The firm manages $148 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in London, Paris and Tokyo.

The firm, a subsidiary of Lazard Freres & Co., is registered with the SEC.

Herbert Gullquist is chief investment officer; Anthony Dote Jr. is client contact.

Lexington Management

Park 80 West, Plaza 2, Saddle Brook,
N.J. 07662; (201) 845-7300

	($ millions)
Total discretionary assets managed	2,239
U.S. discretionary tax-exempt assets managed:	
Total	775
Global	73
Active equity accounts	73
Minimum separate account	10

Lexington Management Corp. had $73 million in global accounts as of March 31.

As of the same date, its global account asset mix

Currency overlay/hedge managers

	U.S. $ millions*	
	Total currency overlay	Underlying assets managed internally
J.P. Morgan	4,038	578
Rothschild Int'l	2,146	0
State Street Bank	2,077	490
Wells Fargo Nikko	1,915	1,799
Strategic Investment	1,510	28
FX Concepts	1,123	0
Bankers Trust	996	404
Boston Int'l	864	864
Payden & Rygel	900	900
County NatWest**	839	0
G.T. Capital	706	706
Pareto Partners	473	0
Massachusetts Financial	332	332
Citibank Global	325	225
Global Fixed Income	175	175
RCB Int'l	159	0
Security Capital	140	140
Standish, Ayer & Wood	128	126
Common Fund	125	0
SEI Capital Resources	82	0
PanAgora Asset	80	58
Morgan Grenfell	65	[illegible]
UBS Asset**	50	50
Union Capital Advisors	40	40
Brinson Partners	40	0
Yield Enhancement Strategies	[illegible]	0
BEA Associates	18	0
Total	[illegible]	[illegible]

*U.S. institutional, discretionary tax-exempt assets
**[illegible]

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Equity and fixed income performance based on Employee Benefit Bond Funds: Source SEI

was 98% equity and 2% cash; equity assets were committed most heavily to the United States, Japan, Hong Kong, Mexico and the United Kingdom.

The firm seeks stock ideas through fundamental analysis combined with thematic sector, country and currency inputs. A macroeconomic overlay is used to assess risk.

The firm manages $5 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Saddle Brook.

The firm, a subsidiary of Piedmont Management Co. Inc., has been registered with the SEC since 1971.

William S. Stack is chief investment officer; Paul H. Kraszewski is client contact.

Lombard Odier International Portfolio Management

13 Southampton Place, London,
England WC1A 2AJ; 071-831-2350

	($ millions)
Total discretionary assets managed	5,714
Non-U.S. pension assets	916
U.S. discretionary tax-exempt assets managed:	
Total	853
International	350
Active equity accounts	171
Active bond accounts	179
Global	103
Active equity accounts	74
Active bond accounts	29
Minimum separate account	15

Lombard Odier International Portfolio Management had $350 million in international accounts and $103 million in global accounts as of March 31.

The firm's international equity assets were committed most heavily to Japan, the United Kingdom, France, Germany and Hong Kong.

As of the same date, its global equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and Hong Kong.

The firm's allocations are driven by analysis of world themes, economic trends and countries. Regional teams determine which countries, industries and issues meet the risk/reward standards with broad percentages set.

Analysts or portfolio managers are stationed in Geneva, London, Amsterdam and Montreal.

The firm, a subsidiary of Lombard Odier et Cie, has been registered with the SEC since 1979.

Tony Robinson is chief investment officer; James C. Vogelzang is client contact at (303) 629-1900.

MacKay-Shields Financial

9 W. 57th St., New York, N.Y. 10019;
(212) 758-5400

	($ millions)
Total discretionary assets managed	8,241
Non-U.S. pension assets	940
U.S. discretionary tax-exempt assets managed:	
Total	6,055
International	69
Active equity accounts	36
Active bond accounts	33
Global	54
Active equity accounts	53
Active bond accounts	1
Minimum separate account	10

MacKay-Shields Financial Corp. had $69 million in international accounts and $54 million in global accounts as of March 31.

The firm's asset mix for international accounts was 52% equity and 48% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Spain and Italy.

As of the same date, its global account asset mix was 98% equity and 2% bonds; equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and Spain.

The firm's equity approach uses active country selection and diversified portfolios within markets. Its fixed-income approach emphasizes active country selection based on quantitative valuation models. Currency hedging is used at extremes.

The firm manages $940 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York.

The firm, a subsidiary of New York Life Insurance Co., has been registered with the SEC since 1960.

Christina Seix is chief investment officer; Michael Perelstein is client contact.

Marvin & Palmer Associates

1 Commerce Center, Suite 1100, 12th
& Orange streets, Wilmington, Del.
19801; (302) 573-3570

	($ millions)
Total discretionary assets managed	800
Non-U.S. pension assets	120
U.S. discretionary tax-exempt assets managed:	
Total	680
International	350
Active equity accounts	350
Global	330
Active equity accounts	330
Minimum separate account	25

Marvin & Palmer Associates Inc. had $350 million in international accounts and $330 million in global accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to the United Kingdom, Mexico, Japan, Hong Kong and France.

As of the same date, all global account assets were in equities; assets were committed most heavily to the United States, Mexico, Japan, the United Kingdom and Hong Kong.

The firm has a top-down philosophy, focusing on country, currency, theme and individual stock analysis.

Analysts or portfolio managers are stationed in Wilmington.

The firm is registered with the SEC.

David Marvin is chief investment officer; Jon Stiklorius is client contact.

Massachusetts Financial Services

500 Boylston St., Boston, Mass.
02116; (617) 954-5941

	($ millions)
Total discretionary assets managed	27,425
U.S. discretionary tax-exempt assets managed:	
Total	2,257
International	55
Active bond accounts	55
Global	298
Active bond accounts	298
Minimum separate account	15

Massachusetts Financial Services had $55 million in international accounts and $298 million in global accounts as of March 31.

All international and global account assets were in bonds March 31.

The firm identifies undervalued world government bond and currency markets through fundamental valuation and active management. It emphasizes diversification and innovative hedging strategies to control risk and maximize total return.

The firm runs $332.2 million of discretionary tax-exempt assets in currency hedging. All of the underlying assets are managed internally.

The firm manages $380.9 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Boston.

The firm, a subsidiary of Sun Life Assurance Co. of Canada U.S., has been registered with the SEC since 1933.

A. Keith Brodkin is chief investment officer; Eileen M. McCaffery is client contact.

Mellon Capital Management

595 Market St., 30th Floor, San
Francisco, Calif. 94105; (415)
546-6056

	($ millions)
Total discretionary assets managed	31,004
U.S. discretionary tax-exempt assets managed:	
Total	30,467
International	552
Active equity accounts	119
Indexed equity accounts	433
Global	32
Balanced	32

Mellon Capital Management Corp. had $552 million in international accounts and $32 million in global accounts as of March 31.

All international account assets were in equities March 31; assets were committed most heavily to Japan, Germany and the United Kingdom.

As of the same date, its global account asset mix was 60% equity, 40% bonds; equity assets were committed most heavily to Japan, the United States and Germany.

The firm's strategy is a value-based, forward-looking investment process that uses classical valuation techniques employed. The strategy is implemented through individual country funds.

The firm manages $56 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in San Francisco.

The firm, a subsidiary of Mellon Bank Corp., has been registered with the SEC since 1983.

William L. Fouse is chief investment officer; Cary Martin Zellerbach is client contact.

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Wellington 64-4-499-3898

State Street

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Firms assigning assets to others

$ millions

	Total	International	Global
Strategic Investment	5,723	0	5,723
Common Fund	1,932	1,242	690
Vanguard Group	622	622	0
RCB Int'l	460	394	66
AMR Investment	22	22	0
John Hancock	13	13	0

U.S. institutional, discretionary tax-exempt assets

JOHN HALL

Miller, Anderson & Sherrerd

1 Tower Bridge, West Conshohocken,
Pa. 19428; (215) 940-5000

	($ millions)
Total discretionary assets managed	22,973
U.S. discretionary tax-exempt assets managed:	
Total	21,613
International	422
Active equity accounts	308
Balanced	114
Global	330
Active bond accounts	330
Minimum separate account	20

Miller, Anderson & Sherrerd had $422 million in international accounts and $330 million in global accounts as of March 31.

The firm's international equity assets were committed most heavily to the United Kingdom, Japan, Germany, France and Hong Kong.

All global account assets were in bonds March 31.

The firm's active international equity approach attempts to add value through country allocation, stock selection and currency allocation. Currency management decisions are based on the dollar's valuation and movement vs. other currencies and hedging opportunities. The global fixed-income approach adds value through country and security selection, managing interest rate and exchange rate risk. Duration, currency and country selections are made separately, with decision based on strategic economic analysis and cross-country comparisons.

Analysts or portfolio managers are stationed in West Conshohocken.

The firm is registered with the SEC.

Tracey H. Ivey is client contact.

Consultants directory: Nov. 9.

Mitchell Hutchins Asset Management Inc.

1285 Avenue of the Americas, New
York, N.Y. 10019; (212) 713-4000

	($ millions)
Total discretionary assets managed	32,911
Non-U.S. pension assets	342
U.S. discretionary tax-exempt assets managed:	
Total	9,663
Global	488
Active bond accounts	488
Minimum separate account	10

Mitchell Hutchins Asset Management Inc. had $488 million in global accounts as of March 31.

All the data in this profile include the firm's affiliate, Mitchell Hutchins Institutional Investors Inc.

The global account asset mix was 91% bonds, 9% cash.

The firm offers several global/international approaches through various products.

The firm manages $584.7 million in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in Atlanta, Los Angeles, Minneapolis and Santa Fe.

The firm, a subsidiary of PaineWebber Inc., has been registered with the SEC since 1973.

Stephen E. Canter is chief investment officer; Christopher J. LaCroix is client contact.

J.P. Morgan Investment Management Inc.

522 Fifth Ave., New York, N.Y. 10036;
(212) 837-2300

	($ millions)
Total discretionary assets managed	78,468
Non-U.S. pension assets	851
U.S. discretionary tax-exempt assets managed:	
Total	53,362
International	3,732
Active equity accounts	2,247
Active bond accounts	1,485
Global	814
Active equity accounts	91
Active bond accounts	340
Balanced	383

J.P. Morgan Investment Management Inc. had $3.732 billion in international accounts and $814 million in global accounts as of March 31.

The firm's asset mix for international accounts was 60% equity, 40% bonds as of March 31. As of the same date, its global account asset mix was 25% equity, 75% bonds.

The firm actively manages asset mix, currency exposure and security selection to maximize total return and minimize risk in U.S. dollars through systematic a decision-making process, tailoring investment strategies to meet current objectives.

The firm runs $4.038 billion in U.S. discretionary tax-exempt assets in currency hedging strategies, of which $578 million of the underlying assets are managed internally.

The firm manages $10.413 billion in institutional discretionary assets in U.S. markets for non-U.S. clients.

Analysts or portfolio managers are stationed in New York, London, Singapore, Tokyo, Melbourne and Frankfurt.

The firm, a subsidiary of J.P Morgan & Co., has been registered with the SEC since 1984.

David L. Brigham is chief investment officer; John R. Thomas is client contact.

Morgan Grenfell Investment Services Ltd.

20 Finsbury Circus, London, England;
EC2M 1NB; 071-256-7500

	($ millions)
Total discretionary assets managed	3,337
Non-U.S. pension assets	298
U.S. discretionary tax-exempt assets managed:	
Total	2,482
International	2,241
Active equity accounts	2,022
Active bond accounts	140
Balanced	79
Global	281
Active equity accounts	17
Active bond accounts	264
Minimum separate account	10

Morgan Grenfell Investment Services Ltd. had $2.241 billion in international accounts and $281 million in global accounts as of March 31.

The firm's asset mix for international accounts was 93% equity, 7% bonds as of March 31; equity assets were committed most heavily to Japan, Switzerland, France, the United Kingdom and Germany.

As of the same date, its global account asset mix was 6% equity, 94% bonds; equity assets were committed most heavily to the United States, Denmark, Switzerland, Japan and Spain.

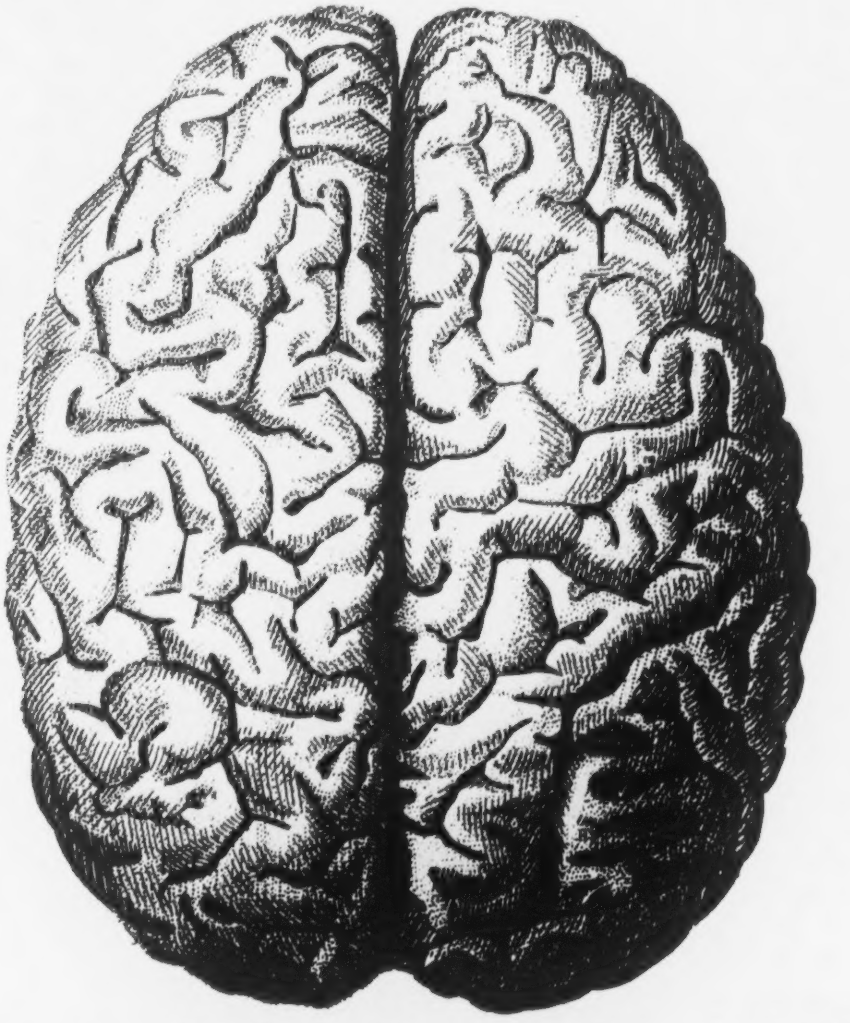
The firm's equity strategy takes a bottom-up approach with emphasis on growth stock selection. Market allocation and currency analysis are secondary. Its fixed-income approach combines active management of currencies, bond markets and issues. Currency and bond market exposure decisions are separated through currency hedging in the forward and currency options markets. Bond market and issue selection are separated through the use of international bond futures.

The firm runs $63 million of discretionary tax-exempt assets in currency overlay strategies, of which $25 million of the underlying assets is managed internally.

Analysts or portfolio managers are stationed in London, Tokyo, Singapore, New York and Philadelphia.

The firm, a subsidiary of Morgan Grenfell Asset Management Ltd., has been registered with the SEC since 1977.

Michael Bullock is chief investment officer; James E. Minnick is client contact in the firm's New York office.



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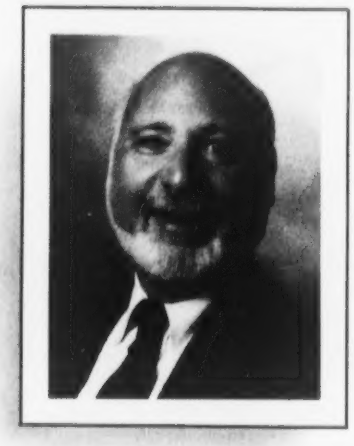

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Morgan Stanley Asset Management

1221 Avenue of the Americas, New York, N.Y. 10020; (212) 296-7200

	($ millions)
Total discretionary assets managed	22,900
Non-U.S. pension assets	140
U.S. discretionary tax-exempt assets managed:	
Total	12,511
International	1,920
Active equity accounts	1,868
Active bond accounts	52
Global	110
Active equity accounts	98
Balanced	12
Minimum separate account	25

Morgan Stanley Asset Management had $1.92 billion in international accounts and $110 million in global accounts as of March 31.

The firm's asset mix for international accounts was 99% equity and 1% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Hong Kong.

As of the same date, its global account asset mix was 95% equity and 5% bonds; equity assets were committed most heavily to the United States, Japan the United Kingdom, Germany and Switzerland.

The firm's active county allocation portfolio invests in the 18 EAFE countries uses a top-down approach. It implements its investment in a particular country by purchasing a basket of stocks designed to track the MSCI index for that country.

The firm manages $3.262 billion in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in New York, London, Singapore, Hong Kong, Tokyo and Bombay.

The firm, a subsidiary of Morgan Stanley Group Inc., is registered with the SEC.

Barton M. Biggs is chief investment officer; Michael A. Crowe is client contact.

Nomura Capital Management

180 Maiden Lane, Suite 2903, New York, N.Y. 10038; (212) 509-8181

	($ millions)
Total discretionary assets managed	3,520
Non-U.S. pension assets	100
U.S. discretionary tax-exempt assets managed:	
Total	2,965
International	2,942
Active equity accounts	2,832
Active bond accounts	110
Global	23
Active equity accounts	23
Minimum separate equity account	5
Minimum separate balanced account	10
Minimum separate bond account	10

Nomura Capital Management Inc. had $2.942 billion in international accounts and $23 million in global accounts as of March 31.

The firm's asset mix for international accounts was 96% equity and 4% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Germany and Australia.

As of the same date, its global account asset mix was 100% equity; assets were committed most heavily to the United States, Japan, the United Kingdom, France and Germany.

The firm provides global, non-U.S. or regional investments with concentration in high-return sectors and stocks screened through original fundamental research and relative valuation. Emphasis is on sector and stock selection. Some quantitative tools are used.

The firm manages $91 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in New York, Washington, Tokyo, Osaka, Yokohama, Hong Kong, Sydney, London, Paris, Singapore and Frankfurt.

The firm, a subsidiary of Nomura Investment Management Co. Ltd., has been registered with the SEC since 1976.

Takeo Nakamura is chief investment officer; Brian X. Fitzgibbon is client contact.

Oechsle International Advisors

1 International Place, Boston, Mass. 02110; (617) 330-8810

	($ millions)
Total discretionary assets managed	2,783
Non-U.S. pension assets	61
U.S. discretionary tax-exempt assets managed:	
Total	2,647
International	2,435
Active equity accounts	2,435
Global	212
Active equity accounts	91
Active bond accounts	121

Oechsle International Advisors had $2.435 billion in international accounts and $212 million in global accounts as of March 31.

The firm's asset mix for international accounts was 100% equity as of March 31; assets were committed most heavily to Japan, the United Kingdom, Germany, Hong Kong and Sweden.

OFFITBANK

101 E. 52nd St., New York, N.Y. 10022; (212) 758-9600

	($ millions)
Total discretionary assets managed	3,702
U.S. discretionary tax-exempt assets managed:	
Total	1,300
Global	410
Active bond accounts	410
Minimum separate account	10

OFFITBANK had $410 million in global accounts as of March 31. The asset mix was 100% bonds.

The firm's multicurrency portfolios are actively managed to take advantage of currency opportunities and yield curve differentials. Portfolio strategies are guided by a long-term cyclical view of the world capital markets, interest rate spread relationships and central bank policies.

The firm manages $118 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in New York.

Samuel R. Karetsky is client contact.

Pacific Investment Management Co.

840 Newport Center Drive, P.O.B. 9000, Newport Beach, Calif. 92658-9030; (714) 640-3031

	($ millions)
Total discretionary assets managed	36,277
U.S. discretionary tax-exempt assets managed:	
Total	35,382
International	1,316
Active bond accounts	1,316
Global	129
Active bond accounts	129
Minimum separate account	50

Pacific Investment Management Co. had $1.316 billion in international accounts and $129 million in global accounts as of March 31.

The firm's asset mix for international accounts was 93% bonds and 7% cash as of March 31. Its global account asset mix was 90% bonds and 10% cash.

The firm's global fixed style is a top-down core approach that avoids extreme swings in duration, country and currency exposure. Major strategy shifts are driven by long-term or secular trends.

The firm manages $895 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Newport Beach.

The firm, a subsidiary of Pacific Mutual Life Insurance, is registered with the SEC.

W.H. Gross is chief investment officer; Margaret Riley and James Muzzy are client contacts.

PanAgora Asset Management

260 Franklin St., Boston, Mass. 02110; (617) 439-6300

	($ millions)
Total discretionary assets managed	13,388
Non-U.S. pension assets	1,222
U.S. discretionary tax-exempt assets managed:	
Total	10,250
International	1,427
Active equity accounts	326
Active bond accounts	24
Balanced	22
Indexed equity accounts	1,055
Global	1,499
Active bonds	1,477
Balanced	22
Minimum separate account	5

PanAgora Asset Management had $1.427 billion in international accounts and $1.499 billion in global accounts as of March 31.

The firm's asset mix for international accounts was 95% equity and 5% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Spain, the Netherlands and Australia.

As of the same date, its global account asset mix was 79% equity and 21% bonds; equity assets were committed most heavily to Japan, the United States, France, Spain and the Netherlands.

The firm uses quantitatively structured portfolios that meet defined objectives of risk and return through a disciplined approach.

The firm runs $80 million of U.S. discretionary tax-exempt assets in currency overlay programs; $58 million of the underlying assets are managed internally.

The firm manages $133 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Boston, London and Tokyo.

The firm has been registered with the SEC since 1989.

Richard A. Crowell is chief investment officer; F. Corning Kenly is client contact.

Payden & Rygel

333 S. Grand Ave., Suite 3250, Los Angeles, Calif. 90071; (213) 625-1900

	($ millions)
Total discretionary assets managed	12,000
Non-U.S. pension assets	900
U.S. discretionary tax-exempt assets managed:	
Total	8,500
International	150
Active bond accounts	150
Global	900
Active bond accounts	900
Minimum separate account	25

Payden & Rygel had $150 million in international accounts and $900 million in global accounts as of March 31. All assets were in fixed income.

The firm specializes in the daily active management of global fixed-income assets with an emphasis on credit quality. Currency exposure is managed with a level of volatility consistent with client objectives.

The firm runs $900 million of discretionary tax-exempt assets in hedging and options strategies. All underlying assets are managed internally.

The firm manages $600 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Los Angeles.

The firm has been registered with the SEC since 1983.

Joan A. Payden is chief investment officer; John Isaacson is client contact.

PCM International

820 Morris Turnpike, Suite 102, Short Hills, N.J. 07078; (201) 912-7500

	($ millions)
Total discretionary assets managed	653
Non-U.S. pension assets	16
U.S. discretionary tax-exempt assets managed:	
Total	603
International	603
Active equity accounts	603
Minimum separate account	10

PCM International Inc. had $603 million in international accounts as of March 31.

The firm's asset mix for international accounts was 79% equity, 19% cash and 2% other as of March 31; equity assets were committed most heavily to Japan, France, the United Kingdom, the Netherlands and Spain.

The firm focuses on fundamental analysis to select a limited number of well-managed companies at the best price relative to their earnings potential. Defensive techniques to reduce currency and market risk are used.

Analysts or portfolio managers are stationed in Short Hills.

The firm, a subsidiary of Prudential Insurance Co. of America, has been registered with the SEC since 1984.

Barry Gillman and Cassandra Hardman are chief investment officers; Jeffrey Kutler is client contact.

Pensions & Investments will highlight investment management software in the July 20 issue.

Philippe Investment Management Inc.

122 E. 42nd St., New York, N.Y. 10168; (212) 687-3616

	($ millions)
Total discretionary assets managed	808
Non-U.S. pension assets	140
U.S. discretionary tax-exempt assets managed:	
Total	668
International	245
Active equity accounts	245
Global	154
Active equity accounts	154
Minimum separate account	25

Philippe Investment Management Inc. had $245 million in international accounts and $154 million in global accounts as of March 31.

The firm's asset mix for international accounts was 84% equity and 16% cash; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Switzerland.

As of the same date, its global account asset mix was 84% equity and 16% cash; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Switzerland.

The firm incorporates both top-down and bottom-up strategies. Equal weight is placed on country, sector and stock decisions. Portfolios are diversified with about 150 securities, and moderate use is made of cash equivalents. Generally, one-third of the holdings is in small-cap issues; 30% to 40% are not in the representative indexes.

The firm manages $9 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Paris, New York, London and Luxembourg.

The firm has been registered with the SEC since 1982.

Claudette Mayer is client contact.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (410) 547-2141

	($ millions)
Total discretionary assets managed	6,294
U.S. discretionary tax-exempt assets managed:	
Total	4,919
International	4,893
Active equity accounts	4,216
Active bond accounts	225
Indexed bond accounts	452
Global	26
Active bond accounts	26
Minimum separate account	30

Rowe Price-Fleming International Inc. had $4.893 billion in international accounts and $26 million in global accounts as of March 31.

The firm's asset mix for international accounts was 77% equity, 9% bonds, 5% cash and 9% other as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and the Netherlands.

As of the same date, its global account asset mix was 84% bonds and 16% cash.

The firm uses an active top-down, bottom-up approach. Large- and small-cap stocks are selected using worldwide research capabilities. Its fixed-income strategy is fundamentally oriented; credit markets and currency exposure are actively managed.

Analysts or portfolio managers are stationed in Baltimore, Hong Kong, Indonesia, Kuala Lumpur, London, Manila, New York, New Zealand, Seoul, Taipei, Thailand and Tokyo.

The firm, an affiliate of T. Rowe Price Associates/Fleming Group, has been registered with the SEC since 1979.

Martin G. Wade is chief investment officer; George A. Murnaghan is client contact.

The Putnam Cos. Inc.

1 Post Office Square, Boston, Mass. 02109; (617) 292-1000

	($ millions)
Total discretionary assets managed	52,506
Non-U.S. pension assets	109
U.S. discretionary tax-exempt assets managed:	
Total	9,792
International	542
Active equity accounts	208
Active bond accounts	334
Global	1,392
Active bond accounts	1,392
Minimum separate account	15

The Putnam Cos. Inc. had $542 million in international accounts and $1.392 billion in global accounts as of March 31.

The firm's asset mix for international accounts was 38% equity and 62% bonds as of March 31; equity assets were committed most heavily to Japan, the Netherlands, France, the United Kingdom and Germany.

As of the same date, its global account asset mix was all bonds.

The firm's fixed-income approach focuses on active management of high-quality government bonds using proprietary computer-driven models to add value through currency management. The equity style uses a top-down/bottom-up approach, diversifying portfolios across a minimum of eight markets, based on relative attractiveness.

The firm manages $3.594 billion in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Boston, London and Tokyo.

The firm, a subsidiary of Marsh & McLennan Cos. Inc., has been registered with the SEC since 1968.

Anthony W. Regan and Stephen C. Barlow are chief investment officers; Thomas J. Lucey is client contact.

British Gas

NYSE: BRG

BRITISH GAS STARTS QUARTERLY REPORTING IN 1992

	Quarter Ended 3/31/92	Quarter Ended 3/31/91	Twelve Months Ended 12/31/91
UK GAAP (historical cost basis)			
Sales (£mm)	3,585	3,691	10,485
Operating Profit (£mm)	1,006	1,121	1,955
Net Income (£mm)	658	729	1,164
Earnings per Ordinary Share (pence)	15.4	17.1	27.3
U.S. GAAP			
Net Income (£mm)	670	706	1,225
Earnings per ADR* (£)	1.57	1.66	2.87

*Ten ordinary shares equal one American Depositary Receipt.

British Gas now reports on a quarterly basis and has changed its fiscal year end to December 31.

For information, write or call:
Mr. Frederick J. Fajardo, Gavin Anderson & Company
11 West 42nd Street, New York, NY 10036, (212) 921-1060

RCB International Inc.
29 Federal St., Stamford, Conn.
06901; (203) 977-7000

RCB International Inc. has $460 million in U.S. institutional, discretionary, tax-exempt assets managed on its behalf by external managers. Of that, $394 million was in international accounts and $66 million in global accounts.

The firm uses a multiadviser approach to each of its investment programs. It selects advisers with a proven degree of skill in stock selection and expertise in a particular geographic region.

The firm manages $213 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Stamford, Toronto and Fareham, England.

The firm has been registered with the SEC since 1989.

Edgar W. Barksdale is chief investment officer; Robert J. Russell is client contact.

Rogge Global Partners
1720 Post Road E., Suite 12,
Westport, Conn. 06880; (203)
254-1215

	($ millions)
Total discretionary assets managed	684
U.S. discretionary tax-exempt assets managed:	
Total	634
International	340
Active bond accounts	340
Global	294
Active bond accounts	294
Minimum separate account	25

Rogge Global Partners had $340 million in international accounts and $294 million in global accounts as of March 31.

The firm's asset mix for international accounts was 88% bonds and 12% cash as of March 31. Its global account asset mix was 85% bonds and 15% cash.

The firm applies relative value analysis across countries. The focus is active country allocation in liquid markets using high-quality securities with maturities at the medium to long end.

Analysts or portfolio managers are stationed in London.

The firm has been registered with the SEC since 1985.

Olaf Rogge is chief investment officer; Julie Cochran is client contact.

Schroder Capital Management International
787 Seventh Ave., New York, N.Y.
10019; (212) 841-3838

	($ millions)
Total discretionary assets managed	5,960
Non-U.S. pension assets	703
U.S. discretionary tax-exempt assets managed:	
Total	5,028
International	4,824
Active equity accounts	4,741
Active bond accounts	83
Global	204
Active equity accounts	121
Active bond accounts	83
Minimum separate account	25

Schroder Capital Management International had $4.824 billion in international accounts and $204 million in global accounts as of March 31.

The firm's asset mix for international accounts was 97% equity and 3% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, France, Singapore and Germany.

As of the same date, its global account asset mix was 97% equity and 3% cash; equity assets were committed most heavily to the United States, Japan, the United Kingdom, France and the Netherlands.

The firm places most emphasis on stock selection and is supported by analysts from seven regional offices.

Analysts or portfolio managers are stationed in Tokyo, London, Singapore, Hong Kong, Zurich, Sydney and New York.

The firm, a subsidiary of Schroders PLC, has been registered with the SEC since 1979.

Richard R. Foulkes is chief investment officer; Sharon L. Haugh is client contact.

Scudder, Stevens & Clark
345 Park Ave., New York, N.Y. 10154;
(212) 326-6200

	($ millions)
Total discretionary assets managed	6,045
Non-U.S. pension assets	186
U.S. discretionary tax-exempt assets managed:	
Total	1,859
International	1,346
Active equity accounts	1,188
Active bond accounts	158
Global	513
Active equity accounts	275
Active bond accounts	213
Balanced accounts	25
Minimum separate account	10

Scudder, Stevens & Clark had $1.346 billion in international accounts and $513 million in global accounts as of March 31.

The firm's asset mix for international accounts was 79% equity, 13% bonds and 8% cash as of March 31; equity assets were committed most heavily to Japan, Germany, France, Switzerland and the United Kingdom.

As of the same date, its global account asset mix was 54% equity, 40% bonds and 6% cash; equity assets were commited most heavily to the United States, Switzerland, Japan, the United Kingdom and Germany.

The firm meshes assessments of the global economy as well as local market and currency factors with in-depth security analysis. In-house research covers more than 30 markets.

Analysts or portfolio managers are stationed in New York, Boston, London and Tokyo.

The firm has been registered with the SEC since 1943.

Edmond D. Villani is chief investment officer; Edmund J. Thimme is client contact.

Smith Barney Global Capital Management
1345 Avenue of the Americas, New
York, N.Y. 10105; (212) 698-6131

	($ millions)
Total discretionary assets managed	478
U.S. discretionary tax-exempt assets managed:	
Total	478
International	138
Active bond accounts	138
Global	117
Active bond accounts	117
Minimum separate account	20

Smith Barney Global Capital Management had $138 million in international accounts and $117 million in global accounts as of March 31. All assets were in fixed income.

The firm uses a top-down process analyzing 10 markets by means of a quantitative model based on currency and inflation forecasts. Research is fundamental. From the model comes strategic country weightings as well as currency and yield change attribution. Positions away from the model result from investment committee overlays given short-term changes and currency and bond market conditions.

Analysts or portfolio managers are stationed in London, Paris and New York.

The firm, a subsidiary of Smith Barney & Co., is registered with the SEC.

Arturo Brillembourg, J. Gabriel Irwin and Simon J. Weil are chief investment officers; Jill B. Jordon is client contact.

State Street Bank and Trust
225 Franklin St., Boston, Mass. 02110;
(617) 654-3953

	($ millions)
Total discretionary assets managed	77,781
Non-U.S. pension assets	6,194
U.S. discretionary tax-exempt assets managed:	
Total	67,801
International	10,567
Active equity accounts	2,096
Indexed equity accounts	8,235
Indexed bond accounts	235
Other	1
Global	42
Indexed bond accounts	42
Minimum separate account	25

State Street Bank and Trust Co. had $10.567 billion in international accounts and $42 million in global accounts as of March 31.

The firm's asset mix for international accounts was 98% equity and 2% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Hong Kong.

As of the same date, its global account asset mix was 100% bonds.

The firm uses quantitative techniques to identify attractive securities and country markets. Low-multiple stocks and country markets with improving earnings outlooks are favored. Passive products use a quantitative full replication approach.

The firm runs $2.077 billion of discretionary tax-exempt assets in passive currency hedging; $490 million of the underlying assets are managed internally.

The firm manages $1.573 billion in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Sydney, London, Tokyo and Paris.

The firm is a subsidiary of State Street Boston Corp.

Nicholas A. Lopardo is chief investment officer; Peter E. Braun is client contact.

Strategic Investment Partners Inc.
2000 K St. N.W., Suite 400,
Washington, D.C. 20006; (202)
785-2300

	($ millions)
Total discretionary assets managed	28
U.S. discretionary tax-exempt assets managed:	
Total	28
International	28
Active equity accounts	28
Minimum separate account	30

Strategic Investment Partners Inc. had $28 million in international accounts as of March 31.

The firm's asset mix for international accounts was 100% equity as of March 31; assets were committed most heavily to Korea, Mexico, Brazil, Chile and Argentina.

The firm invests in overseas equities and fixed income in broadly diversified value-based portfolios that comprise active and passive equity management and active fixed-income management in accordance with a geographical allocation determined by an in-house valuation model.

In addition to the assets above, $5.723 billion in U.S. institutional, discretionary, tax-exempt assets are managed on the firm's behalf by external managers.

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IBF
CONFERENCES

The firm runs currency hedging programs on $1.51 billion of discretionary tax-exempt assets, of which $28 million of the underlying assets are managed internally.

Analysts or portfolio managers are stationed in Washington.

The firm is registered with the SEC.

Hilda Ochoa is chief investment officer; Ms. Ochoa and Mary Chokai are client contacts.

TCW Global Advisors

865 S. Figueroa St., 18th Floor, Los
Angeles, Calif. 90017; (213)
244-0000

	($ millions)
Total discretionary assets managed	2,761
U.S. discretionary tax-exempt assets managed:	
Total	2,507
Global	2,507
Active bond accounts	347
Other	2,160
Minimum separate account	100

TCW Global Advisors had $2.507 billion in global accounts as of March 31, of which $2.16 billion was in asset allocation accounts.

As of the same date, its global account asset mix was 46% equity, 44% bonds and 10% cash; equity assets were committed most heavily to the United States and Japan.

The firm uses a top-down, asset allocation driven process supported by strong quantitative analytical support. Its investment universe is limited to the United States, the United Kingdom, France, Germany, Switzerland and Japan.

Analysts or portfolio managers are stationed in London, Paris and New York.

The firm, a subsidiary of Trust Co. of the West and Cursitor Eaton Asset Management Co., has been registered with the SEC since 1971.

Charles Gave is chief investment officer; Thomas E. Larkin Jr. is client contact.

Templeton International

500 E. Broward Blvd., Suite 2100, Fort
Lauderdale, Fla. 33394; (305)
764-7390

	($ millions)
Total discretionary assets managed	3,017
U.S. discretionary tax-exempt assets managed:	
Total	2,788
International	734
Active equity accounts	710
Active bond accounts	24
Global	1,936
Active equity accounts	1,914
Active bond accounts	22
Minimum separate account	15

Templeton International had $734 million in international accounts and $1.936 billion in global accounts as of March 31.

The firm's asset mix for international accounts was 97% equity and 3% cash as of March 31; equity assets were committed most heavily to Hong Kong, Spain, the United Kingdom, the Netherlands and Switzerland.

As of the same date, its global account asset mix was 95% equity and 5% cash; equity assets were committed most heavily to the United States, the United Kingdom, Spain, Hong Kong and Australia.

The firm's active approach takes a long-term perspective in seeking value worldwide.

Analysts or portfolio managers are stationed in Nassau, Fort Lauderdale, Toronto, Edinburgh, Melbourne, Singapore and Hong Kong.

The firm, a subsidiary of Templeton, Galbraith & Hansberger Ltd., has been registered with the SEC since 1979.

Thomas L. Hansberger is chief investment officer; James R. Wood is client contact.

Travelers Corp.

1 Tower Square, Hartford, Conn.
06183-6030; (203) 277-0111

	($ millions)
Total discretionary assets managed	48,119
U.S. discretionary tax-exempt assets managed:	
Total	19,673
International	548
Active equity accounts	162
Indexed equity accounts	386
Global	503
Balanced	503

Travelers Corp. had $548 million in international accounts and $503 million in global accounts as of March 31.

The firm's asset mix for international accounts was 99% equity and 1% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and the Netherlands.

As of the same date, its global equity assets were committed most heavily to the United States, Japan, the United Kingdom, Germany and France.

The firm offers multiple international indexed products and global strategies consistent with its passive core portfolio philosophy.

Analysts or portfolio managers are stationed in Hartford and London.

The firm, a subsidiary of Travelers Cos., has been registered with the SEC since 1976.

Robert Crispin is chief investment officer; Paul M. Ross is client contact.

UBS Asset Management (New York) Inc.

1211 Avenue of the Americas, New
York, N.Y. 10036-8796; (212)
789-7300

	($ millions)
Total discretionary assets managed	13,700
U.S. discretionary tax-exempt assets managed:	
Total	8,650
International	540
Active bond accounts	7
Indexed equity accounts	533
Global	8
Active bond accounts	8
Minimum separate account	10

UBS Asset Management (New York) Inc. had $540 million in international accounts and $8 million in global accounts as of Dec. 31.

The firm's asset mix for international accounts was 98% equity and 2% bonds as of Dec. 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Switzerland.

As of the same date, its global account asset mix was 100% bonds.

The firm uses a computer-based model that guides the development of portfolios to track the EAFE index within designated ranges. A top-down approach assesses expected changes in bond and currency markets for fixed-income portfolios.

The firm runs $50 million of discretionary tax-exempt assets in domestic derivative overlay strategies. All of the underlying assets are managed internally.

The firm manages $4.51 billion in institutional discretionary assets in U.S. markets for non-U.S. based clients.

Analysts or portfolio managers are stationed in New York, London, Tokyo and Zurich.

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The firm, a subsidiary of Union Bank of Switzerland, has been registered with the SEC since 1972.

Michael L. Schonberg is chief investment officer; Kinne S. Yon is client contact.

Van Eck Associates Corp.

122 E. 42nd St., New York, N.Y.
10168; (212) 687-5200

	($ millions)
Total discretionary assets managed	1,179
U.S. discretionary tax-exempt assets managed:	
Total	231
Global	64
Active equity accounts	64
Minimum separate account	10

Van Eck Associates Corp. had $64 million in global accounts as of March 31. The asset mix was 98% equity and 2% cash.

The firm identifies macroeconomic and political trends worldwide to determine currency, country, industry and security weightings and selections. It uses hedging instruments to protect the value of existing holdings. Quality and liquidity are emphasized.

Analysts or portfolio managers are stationed in New York.

The firm is registered with the SEC.

John C. Van Eck and Klaus Buescher are chief investment officers; Robin Erni is client contact.

The Vanguard Group

Vanguard Financial Center, Valley
Forge, Pa. 19482; (215) 669-1000

	($ millions)
Total discretionary assets managed	46,867
U.S. discretionary tax-exempt assets managed:	
Total	9,586
International	22
Other	22

The Vanguard Group Inc. had $22 million in international accounts as of March 31.

The firm's asset mix for international accounts was 99% equity and 1% cash as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany and France.

In addition to the assets listed above, $622 million in U.S. institutional, discretionary, tax-exempt assets are managed on the firm's behalf by external managers.

The firm has been registered with the SEC since 1976.

John C. Bogle is chief investment officer; James H. Gately is client contact.

Warburg Investment Management International

780 Third Ave., New York, N.Y. 10017;
(212) 751-8340

	($ millions)
Total discretionary assets managed	2,251
Non-U.S. pension assets	301
U.S. discretionary tax-exempt assets managed:	
Total	1,936
International	1,857
Active equity accounts	468
Active bond accounts	1,376
Balanced	13
Global	79
Active equity accounts	79
Minimum separate account	10

Warburg Investment Management International Ltd. had $1.857 billion in international accounts and $79 million in global accounts as of March 31.

The firm's asset mix for international accounts was 26% equity and 74% bonds as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France, Switzerland and Canada.

As of the same date, its global account asset mix was 100% equity; assets were committed most heavily to the United States, Japan, the United Kingdom, Germany and Hong Kong.

The firm uses a top-down, bottom-up approach. The firm follows 22 countries; portfolios are diversified with about 100 securities, focusing on large- and midcap stocks.

The firm manages $53 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in London, Tokyo, Melbourne, Hong Kong and Singapore.

The firm, a subsidiary of Mercury Asset Management Group PLC, has been registered with the SEC since 1976.

Robert P.B. Michaelson is chief investment officer; Steven W. Golann and J. Eric Nelson are client contacts.

Do you have something to say? *Pensions & Investments* welcomes letters to the editor.

All letters should include name, address and, if applicable, the company of the writer.

Editors reserve the right to edit for space and clarity.

Letters can be addressed to:

Letters to the Editor
Pensions & Investments
740 N. Rush St.
Chicago, Ill. 60611
(312) 649-5268

Wellington Management Co.

75 State St., Boston, Mass. 02109;
(617) 951-5000

	($ millions)
Total discretionary assets managed	57,907
Non-U.S. pension assets	212
U.S. discretionary tax-exempt assets managed:	
Total	16,916
International	628
Active equity accounts	421
Active bond accounts	207
Global	36
Active equity accounts	36
Minimum separate account	10

Wellington Management Co. had $628 million in international accounts and $36 million in global accounts as of March 31.

The firm's asset mix for international accounts was 67% equity, 30% bonds and 3% cash as of March 31; equity assets were committed most heavily to Japan, Mexico, France, Switzerland and the United Kingdom.

As of the same date, its global account asset mix was 100% equity; assets were committed most heavily to the United States, Japan, the United Kingdom, France and Spain.

The firm actively manages all portfolios, with investment decisions based on internal fundamental research. Top-down and bottom-up strategies are incorporated.

The firm manages $233 million in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in Boston, Atlanta and Valley Forge.

The firm has been registered with the SEC since 1960.

Robert W. Doran is chief investment officer; Dena G. Willmore is client contact.

Wells Fargo Nikko Investment Advisors

45 Fremont St., 17th Floor, San
Francisco, Calif. 94105; (415)
597-2700

	($ millions)
Total discretionary assets managed	102,943
Non-U.S. pension assets	6,780
U.S. discretionary tax-exempt assets managed:	
Total	94,757
International	8,231
Balanced	135
Indexed equity accounts	7,989
Indexed bond accounts	107
Minimum separate account	100

Wells Fargo Nikko Investment Advisors had $8.23 billion in international accounts as of March 31.

The firm's asset mix for international accounts was 97% equity, 1% bonds and 2% other as of March 31; equity assets were committed most heavily to Japan, the United Kingdom, Germany, France and Switzerland.

The firm manages a broad range of international passive and process-driven products, covering 90% of the world's non-U.S. capital markets.

The firm runs $1.915 billion of discretionary tax-exempt assets in currency hedging; $1.8 billion of the underlying assets is managed internally.

The firm manages $4.186 billion in institutional discretionary assets in U.S. markets for non-U.S.-based clients.

Analysts or portfolio managers are stationed in San Francisco.

The firm, a subsidiary of Wells Fargo & Co. and Nikko Securities, has been registered with the SEC since 1990.

Patricia Dunn and Donald Luskin are chief investment officers; Michael Henman is client contact.

WorldInvest Ltd.

56 Russell Square, London WC1B
4HP, England; 071-637-3322

	($ millions)
Total discretionary assets managed	3,763
Non-U.S. pension assets	550
U.S. discretionary tax-exempt assets managed:	
Total	2,838
International	1,424
Active equity accounts	285
Active bond accounts	1,124
Balanced	14
Global	1,414
Active equity accounts	247
Active bond accounts	1,133
Balanced	34

WorldInvest Ltd. had $1.424 billion in international accounts and $1.414 billion in global accounts as of March 31.

The firm's asset mix for international accounts was 20% equity, 79% bonds and 1% other as of March 31; equity assets were committed most heavily to Japan, France, Germany, the United Kingdom and Hong Kong.

As of the same date, its global account asset mix was 18% equity, 80% bonds and 2% other; equity assets were committed most heavily to Japan, France, Germany, the United Kingdom and Hong Kong.

The firm's active approach is driven by fundamental economic analysis. It will take significant positions away from the index based on its top-down view of anticipated market returns.

Analysts or portfolio managers are stationed in London.

The firm is registered with the SEC.

Keith Brown is chief investment officer; Susan Leader is client contact at (212) 755-0900.

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AT DEADLINE

PBGC acts on Munsingwear

The PBGC has taken over three Munsingwear pension plans after U.S. Bankruptcy Court said the company would be unable to reorganize unless the plans were terminated.

The three plans had $17 million in assets and $23 million in liabilities. The agreement provides the PBGC with stock in the reorganized company and other assets totaling $2 million, which a PBGC spokeswoman described as a "fair settlement" considering the average recovery is 14 cents on the dollar.

Hitachi taps foreign firms

Hitachi Ltd., Tokyo, has hired INVESCO MIM International Ltd. and Warburg Asset Management Japan Ltd. to oversee about $3.1 million or 730 million yen each in global balanced accounts.

Underwriting surges

Buoyed by growth in mortgage-backed securities and common stock offerings, the dollar volume of U.S. corporate new issue underwriting surged 60.1% during the first half of 1992, according to IDD.

The number of issues completed is up 18.7% compared with 1991's first half. Of the total $435.6 billion, $201.6 billion was in mortgage-backed securities, nearly double the year-earlier $109.9 billion.

Common stock underwritings reached $41 billion in the first half, a 57.7% increase from 1991's first half.

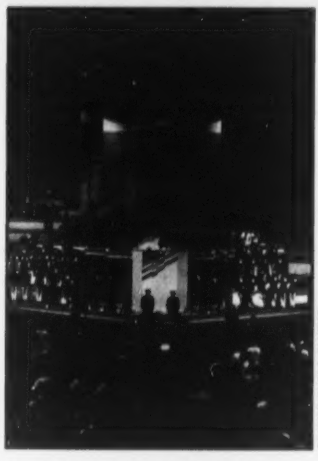
Continued on page 41

INSIDE

KRISTIN CALLAHAN

Ice-T enrages police

Police groups around the country are contemplating action against Time Warner because of its distribution and support of a song by rapper Ice-T that describes violence against law officers. Page 2.


AP/WIDE WORLD PHOTOS

Pension fund investments aren't on the agenda for the 1992 Democratic convention.

Democrats ignoring fund issues

By Anne Schwimmer

NEW YORK — Pension funds and their more than $3 trillion in assets will receive scant attention from a Democratic Party busy with broader public policy issues as it readies for its convention here next week.

"We don't have a precise policy" on using pension assets for economically targeted investing, said Gene Sperling, economic policy adviser to Arkansas Gov. Bill Clinton, the likely Democratic nominee. He added: "Up to this point, we have not had any specific new proposals" in regard to retirement savings policy or a preference for defined benefit or defined contribution plans.

According to the 1992 Democratic platform, the party "will encourage the flow of investment to inner city development and housing, through targeting enterprise zones and incentives for private and public pension funds to invest in urban and rural projects."

This differs from the 1988 campaign, when the Rev. Jesse Jackson espoused an economically targeted and federally mandated pension lending policy when he ran for president.

Gov. Clinton and his advisers — the main drafters of this year's Democratic platform — are concerned about offering a plan that would provide federal guarantees for pension loans to federal and state projects. They believe this might lead to a crisis similar to the savings and loan disaster — estimated to cost taxpayers $500 billion — if the investments go

See **Platform** *on page 43*

Presidential candidates and pension funds: Page 3

Pension bills rushed

Vets' retroactive 401(k) benefits likely

By Hillary Durgin

WASHINGTON — Companies were pushed one step closer to making mandatory retroactive 401(k) plan contributions for returning military veterans under legislation passed by the House of Representatives late last week.

The provision was one of a half-dozen pension-related proposals being considered as lawmakers rushed toward recessing for the July Fourth holiday.

The legislation — part of a broad tax package featuring urban aid — would amend the tax code to permit employers to make the mandatory makeup contributions without violating current law. The retroactive 401(k) plan contribution was included in a veterans benefits bill passed by the House of Representatives last year and expected to pass the Senate this year.

By removing the tax code hurdles, the bill would help pave the way for corporate and government employers to make retroactive payments to most defined contribution plans.

Other pension-related proposals in Congress included:

- A controversial provision to cap the corporate deduction on executive pay at $1 million was dropped from legislation to extend unemployment benefits. The remaining legislation was expected to be passed late last week.
- Retained in the unemployment bill was a proposal to significantly change the rules governing lump-sum distributions of pension assets to departing employees. The proposal would greatly ease rollovers but add to employers' administrative headaches as well as instituting a new 20% withholding tax on distributions retained by the employee.
- Far-reaching bankruptcy reform legislation, which the Senate recently passed, would strengthen the position of the Pension Benefit Guaranty Corp. in bankruptcy proceedings. The PBGC is seeking support for more comprehensive, separate legislation that would include changes in pension funding rules. Also included in the bankruptcy bill is a provision that would require retiree health benefits must be paid along with wages and other bankruptcy costs during bankruptcy proceedings.
- Senate action on an amendment to the Comprehensive National Energy Act that includes provisions to tax coal companies to pay for mineworkers' retiree

See **Congress** *on page 42*

AP/WIDE WORLD PHOTOS

Rep. Dan Rostenkowski is pushing legislation that would help pave the way for retroactive retirement and health benefits for veterans.

USAir clear of TWA liabilities

PBGC monitoring sale negotiations

By Fred Williams

The possible sale of key Trans World Airlines Inc. assets to USAir Group Inc. probably would not include any of the unfunded pension or retiree medical liabilities of TWA, a circumstance that could spell problems for TWA's retirees and for the Pension Benefit Guaranty Corp.

In fact, to cut its own employee benefit costs, USAir has frozen its non-contract defined benefit plans and will institute a new defined contribution plan at the beginning of next year.

Financially troubled TWA has acknowledged discussions of a sale of assets to USAir, the nation's fifth largest airline, but a definite agreement has not been reached.

TWA, Mount Kisco, N.Y., filed for bankruptcy protection in January and has captured the attention of the PBGC, which has expressed concerns that TWA Chairman Carl Icahn might try to dump the airline's estimated $1.1 billion in unfunded pension liabilities on the agency (*Pensions & Investments*, Feb. 17).

The PBGC has been negotiating with TWA to provide adequate protections for its plans, such as using certain assets as collateral.

A PBGC spokesman said the agency has been closely monitoring the reported discussions between TWA and USAir regarding potential asset sales and is "concerned that such a transaction not be a subterfuge to avoid TWA's pension liabilities."

He said the agency "will take all necessary action" to protect the pension promises for TWA workers. He said the PBGC intends to ensure that Mr. Icahn's organization remains liable for TWA's pension liabilities regardless of whether assets are sold to USAir.

The PBGC in April asked the U.S. District Court in Kansas City, Mo., to declare constitutional legislation that holds TWA subsidiaries and Mr. Icahn liable for TWA's estimated $1.1 billion pension underfunding as long as Mr. Icahn directs the airline's management and policies.

TWA and Mr. Icahn have asked for a change of venue on the hearing to a Delaware court.

Under the legislation, in the form of an amendment offered by

See **Airlines** *on page 41*

NEWS DIGEST

TOM REED

Jerome H. Powell, undersecretary of the Treasury, was a featured speaker at *Pensions & Investments*' Third Annual Investment Management Conference. Stories on pages 16 and 34.

A petition by LTV Steel for authorization to cancel its labor agreement with the Steelworkers union might jeopardize its emergence from bankruptcy. Page 23.

IBM Corp. may be downsizing its work force, but it is "upsizing" its $5 billion defined contribution plan through the addition of investment options. Page 24.

Cone Mills Corp.'s union employees are claiming victory in their battle to reform the company's ESOP, but executives deny a new contract represents any major change in the company's stance. Page 27.

It's feast or famine for private market investors this year, and some big investors aren't sure they'll be able to get their desired fill of deals by year end. Page 30.

Christina Seix resigned as chairman and chief executive officer of MacKay-Shields Financial Corp. and has started her own investment management firm. Page 41.

SPECIAL REPORT: WORLD'S LARGEST FUNDS

The *P&I*/InterSec Top 300 pension funds hold assets worth more than $2.7 trillion, an increase of 12.5% from last year's figure. Page 18.

INTERNATIONAL

Britain's pension executives expect new rules because of criticism of the investment management industry's self-regulatory group and resignation of its chairman in the wake of the Robert Maxwell scandal. Page 6.

Making Swiss markets more accessible to outside investors is one major goal of a new law that took effect this month. Page 38.

REAL ESTATE

A few funds are actively looking to invest hundreds of millions of dollars in a depressed real estate market most others are avoiding. Page 3.

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Firm misses its targets

Rosenberg Institutional clients defect over performance

By Steve Hemmerick

ORINDA, Calif. — Rosenberg Institutional Equity Management Inc. has lost 12 clients and $1.5 billion in the past 18 months.

Some remaining clients have RIEM on a watch list. They are giving the once-booming quantitative management firm about another year to meet what clients and consultants say is one of the most ambitious performance goals in the industry — a 4% alpha.

That means RIEM not only has to meet a typical benchmark like the Standard & Poor's 500 Stock Index, but also has to better that benchmark by 400 basis points at no additional risk.

Although RIEM's performance is only a little below the S&P 500, some clients said goodbye to RIEM quickly rather than continue to pay the firm's fees, sometimes as high as 85 basis points a year, said one pension consultant who didn't want to be identified. Clients are checking to see whether RIEM's investment process is still as effective as it once was, when it achieved alphas of 5% to 6% in a single calendar year.

But Barr Rosenberg, RIEM's founder and a one-time quantitative consultant, is telling his clients to hang on.

Mr. Rosenberg said RIEM's expert system can still make that 4% alpha goal over the longer term. He said he has full faith in the system, which he said is being thwarted only temporarily by an anomaly in the stock market that hasn't been seen since investors put money in the Nifty 50 in the 1960s.

Expert systems are computer programs that draw conclusions and make decisions similar to a human expert. RIEM's system buys and sells stocks and maintains a portfolio.

RIEM had been one of the fastest growing equity managers, cashing in on the trend among pension funds to hire quantitative managers. Between the beginning of 1987 and the end of 1990, RIEM's tax-exempt assets increased 432% to $5.5 billion, then to $6.1 billion at the end of 1991.

But money has flowed out almost as fast as it came in. RIEM lost eight clients last year, accounting for $1 billion, while gaining two that brought in $100 million, according to Marlis S. Fritz, a partner and director of marketing. So far in 1992, the firm has lost four clients and about $500 million in assets.

Clients who have dropped RIEM include the Aluminum Co. of America pension fund, the Tennessee Valley Authority Retirement System and the Minnesota State Board of Investment, according to sources.

Most of RIEM's 31-plus clients

See **RIEM** *on page 39*

Police aiming at Time Warner

'Cop Killer' angers groups nationwide

By Christine Philip

Police associations and unions across the country, outraged by lyrics in the song "Cop Killer" by rap singer Ice-T and his group Body Count, are urging their pension boards to take action against Time Warner Inc., New York, unless it pulls the song from distribution and issues an apology.

Among actions taken or under consideration:

- Several New York City police officers' associations intend to ask the $7.5 billion Police Department Pension Fund to divest its Time Warner holdings. According to the city comptroller's office, the police fund held 151,040 shares worth $16.4 million as of June 26.
- The $700 million Dallas Police and Fire Pension Fund wrote to its equity managers, expressing concern about any adverse impact on the price of Time Warner stock from the controversy. The fund also has written to the chief executive officer and president of Time Warner.
- Sam Dianitto, president of the $4.6 billion Los Angeles Fire and Police Pension System, said he intends to encourage his board at its July meeting to write to Time Warner to insist the company cease distribution of "Cop Killer" in the greater Los Angeles area. The fund holds 24,160 shares of Time Warner stock.
- Lou Campione, a police officer and member of the $1.9 billion Philadelphia Municipal Board of Pensions, said he had asked the pension staff to research how much Time Warner stock was held by the fund. "We have to use whatever pressure we can apply to stop this action by Time Warner," he said. He added he would suggest writing a letter to Time Warner, stock divestiture and a prohibition on future purchases at the next board meeting.
- The board of the $1.9 billion Policemen's Annuity and Benefit Fund of the City of Chicago instructed all of its equity managers to avoid the purchase of Time Warner stock. The fund has no holdings now. "The board did not put a time frame on this prohibition, so it should be considered indefinite," said James B. Waters, executive director.

GLEN E. FRIEDMAN

Ice-T's song has police around the country contemplating protests against Time Warner.

See **Police** *on page 40*

U.S. investors shake up Japan

By Marlene Givant Star

U.S. and British institutional investors stirred up the normally sedate Japanese proxy process by voting shares at hundreds of companies last month.

Results of the proxy voting were expected to be released July 6; the U.S. and British investors had focused their efforts on dividends, authorized capital and executive compensation.

Voting is no easy task in Japan. As is the custom, more than 1,000 meetings were held at exactly 10 a.m. June 26. The California Public Employees' Retirement System, Warburg Investment Management International Ltd., the pension fund of American Telephone & Telegraph Co., State Street Bank and Trust Co. and Wells Fargo Institutional Trust Co. were among 22 funds representing $11 billion in Japanese shares that voted through Global Proxy Services Inc., Lincoln, Mass.

Chase Manhattan Bank N.A. used its own internal mechanisms to vote proxies for its clients, while smaller global custodians such as Harris Trust & Savings Bank, used the translating services of Institutional Shareholder Services Inc., Washington, to help its clients vote. Although voting is by mail, there is only a two-week period in which to translate, circulate and return proxy voting materials to Japan, and local subcustodians appear loath to facilitate things.

In a country where virtually no one votes against management, foreign investor voting activity was picked up by Japanese newspapers and television. The action was well received by the media, which indicated in their coverage that foreign shareholders, acting through the corporate governance mechanism, might put pressure on companies to lift dividends and eventually help slow the market's free fall.

That's also the goal of Japanese insurance company investors, who are acting behind the scenes. While they are not majority holders of Japanese companies, life insurers exert a strong influence as lenders of last resort. As

See **Japan** *on page 41*

401(K) PLANS

Firm stresses participant education

■ David Veeneman, former William M. Mercer legal counsel and asset consultant, has formed an independent investment consulting firm specializing in investment education for 401(k) plan participants.

"I've been thinking about doing this for some time," he said.

Called the STAR Workshop, the Louisville, Ky.-based company offers plan sponsors a way to educate employees about investment choices without giving investment advice, he said. It is a fully integrated, 24-month communications program designed to teach participants investment basics.

"Most participants aren't investors, they are savers. That means their No. 1 goal is to avoid taking risk. We will focus on strategies that participants can use to protect themselves from investment risk," he said.

The program is presented in personal meetings or video and is accompanied by a workbook and other supplementary materials.

Mr. Veeneman said his program is designed to be simple and is "understandable for employees at every level of investment sophistication. It is designed to guide employees through the process of making their investment choices without giving investment advice or recommending particular investments."

— Fred Williams

David Veeneman says most 401(k) participants are savers, not investors.

BANKS

ABA gives nod to loan screen

■ To help banks protect themselves from environmental liability on loans, the American Bankers Association is endorsing an environmental pre-screening data base, offered by Vista Environmental Information Inc., San Diego, Calif.

Banks are provided with access to environmental profiles from more than 600 sources, including the Environmental Protection Agency and local and state agencies.

The data base can identify problems early in the loan approval process, an ABA press release said.

Vista can provide a profile summary of a specific address or company; an area profile according to zip code; and a radius report, detailing hazardous sites within one mile of a specific site.

Prices range from $75 to $295.

The Vista system was tested by 22 bankers nationwide for reliability and value, according to the ABA.

— Christine Philip

MONEY MANAGERS

United Capital offers cash advice

■ United Capital Group's goal is to allow pension funds, corporations, government agencies and labor unions to benefit from the same sophisticated cash management techniques available on Wall Street.

Cash management is handled by United Capital's subsidiary, United Capital Cash Management Inc., a joint venture with New York-based Brenner Securities Corp.

Howard Brenner, a former president of Drexel Burnham Lambert Inc., is chairman of Brenner Securities.

Investment banks and broker/dealers long have earned higher yields on their cash by doing sophisticated swapping and trading in the money market, said Mr. Brenner. But none of these firms has offered these services to pension funds, corporations or government agencies.

Until now.

According to J.P. Mililli, president of United Capital Group, the process of enhancing cash yields begins by examining a client's cash needs.

"In most agencies, there is a short-term desk that rolls the money into overnights and seven-day (notes)," said Mr. Mililli. "But there is no analysis of the particular cash flow needs of the agency."

After the analysis, United Cash will "ladder a portfolio of securities" of different maturities, based on the client's cash needs, said Mr. Mililli.

"The farther out you go, the higher the yield you can receive," he said.

One way United Capital Cash enhances yields is through "specials," according to Mr. Mililli.

"In most days during the course of the year, someone is short various durations of Treasuries that they need to cover," he said. "If you are long (Treasuries), we can lend them.

"In return we would get cash. We would (then) take those funds and go into the repo market and invest those funds.

"We have raised yields significantly, anywhere between 50 to 200 basis points," Mr. Mililli said.

— Terry Williams

MARKETS

Study analyzes market reaction to economic shocks

■ "There is no such thing as an average shock."

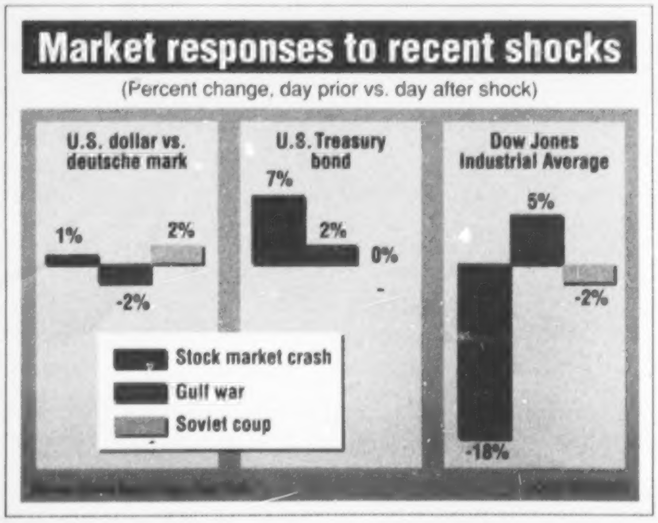
Swiss Bank Corp. drew that conclusion from a study measuring financial market responses to economic shocks. In reviewing data surrounding three recent shocks — the 1987 stock market crash, Operation Desert Storm and the unsuccessful Soviet coup — the study determined economic shocks are more likely than political shocks to redefine market trends.

Foreign exchange and precious metals markets are more likely to be affected by international shocks. And various markets within an economy respond to a given shock in different ways.

"In surveying market participants, we have found many traders tend to shun any technical analysis immediately following any unforeseen market movement," the study said. "Fundamental considerations then come to fore as a guide to future market developments.

"Understandably investors will have to be sure they consider the implications brought about by a particular incident before returning to a reliance on any previous trends."

— Marlene Givant Star



REAL ESTATE

O&Y mess to hit pension investors

■ The financial troubles of Olympia & York Developments Ltd., Toronto, probably mean more troubles for pension fund real estate portfolios and for pension funds waiting to get out of those portfolios.

Consultants with Callan Associates Inc., San Francisco, said in a report that some investors likely will face increased difficulty in obtaining credit for real estate activities.

The capital shortage "can be expected to prolong the recovery of various real estate markets as transaction volume continues to be limited," the Callan report said.

According to many real estate advisers, they have trouble selling portfolio properties because buyers can't get the money to finance the purchases.

Few property sales as a result of even tighter credit means many pension funds in line to cash out of open- and closed-end funds can expect to a longer waiting period. For some funds, the wait to receive their money already is as much as two years, said the advisers.

— Steve Hemmerick

INVESTING

Limited partnership acquires Easco

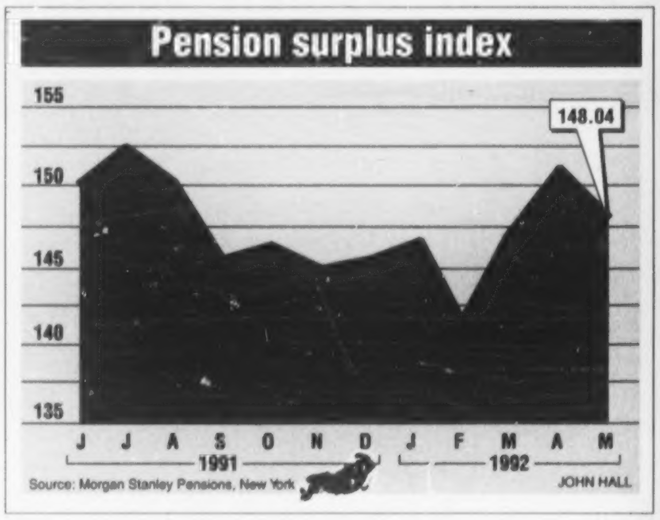
■ American Industrial Partners has acquired Easco Corp., Girard, Ohio, for more than $100 million. Easco is one of the largest independent makers of soft alloy aluminum products in the United States.

The limited partnership firm, which runs a $217 million fund for corporate and public pension funds, endowments, foundations and other institutions, privately placed $50 million in equity with the company.

It is the fund's second transaction since it was launched in May 1991.

American Industrial, New York, takes controlling equity stakes in companies where it sees room for operating improvements.

— Marlene Givant Star



Source: Morgan Stanley Pensions, New York

INTERNATIONAL

Common Fund adds to portfolios

■ The Common Fund, Fairfield, Conn., with $6.5 billion under management for college endowment funds, launched a global equities fund and an emerging markets fund July 1.

"This is really a new step for many colleges after a number of years of international investment," said George F. Keane, president. "Global equities are the next evolutionary stage for endowments, which enables them to significantly broaden and diversify investment opportunities."

The fund will be managed by Baillie Gifford Overseas Ltd., Edinburgh, Scotland; Capital Guardian Trust Co., Los Angeles; Brinson Partners Inc., Chicago; and Lazard Freres Asset Management, New York. The portfolio initially will have a 30% weighting in the United States, 40% in European countries and 30% in Pacific Rim countries.

The emerging markets fund will target 20 countries, all with characteristics of a higher growth rate than established markets and attractive pricing compared to earnings. "In inefficient markets like these, managers can add a lot of value through good stock selection and country rotation," Mr. Keane said.

The fund will be managed by Strategic Investment Partners Inc., Washington; Capital Guardian Trust; and Genesis Asset Managers Ltd., London.

The fund will concentrate on countries in the Pacific Rim, South and Central America, Africa, the Middle East and some European countries, such as Greece and Turkey.

— Christine Philip

Top 300 assets rise 12.5% to $2.7 trillion

United States dominates *P&I*/InterSec fund rankings

By Lisa Schultz

The world's 300 largest pension funds hold assets worth more than $2.7 trillion — an increase of 12.5% from the $2.4 trillion reported last year.

The figures, from a survey by *Pensions & Investments* and InterSec Research Corp., Stamford, Conn., also show that assets of the largest 25 pension funds increased 11%, to $1.04 trillion from more than $937 billion a year earlier.

There were few major changes among the largest 10 funds. Assets of the Teachers Insurance and Annuity Association — College Retirement Equities Fund rose almost 20%, to $99.6 billion, putting the U.S. fund ahead of the Netherlands' Algemeen Burgerlijk Pensioenfonds, whose assets rose 6% to $99.4 billion.

Three of Japan's largest pension funds — National Government Employees, Local Public Service and Public School Teachers — ranked eighth, ninth and 10th, with $43 billion, $42 billion and $41 billion respectively. While the employees' and teachers' funds both ranked in the top 25 last year, the Local Public Service Fund made a huge leap from its 35th place rank.

Sweden's Allmanna Pensionsfonden (Boards 1, 2, 3) maintained its third-place standing, with $79.4 billion, up 11.8%.

Singapore's Central Provident Fund — the only fund from Singapore in the Top 300 — moved up one slot to 18th with $27.71 billion.

Sixteen of the top 25 funds are U.S. funds, holding $635 billion, or 61% of the assets of the top 25. That compares with the $535 billion 16 U.S. pension funds held a year earlier.

The survey shows sizable growth — 33% overall — in Canada's pension funds. Among the largest, the Ontario Teachers' Pension Plan increased 24% to $21.4 billion from $17.24 billion; the Ontario Municipal fund grew 18.3% to $12.72 billion from $10.75 billion; and the Superannuation Commission for the Province of British Columbia grew 11.4% to $12.32 billion from $11.06 billion. Several Canadian funds are new to the list.

The only U.K. funds in the top 25 ranked back-to-back at No. 22 and No. 23. British Coal Pension Funds, with assets of $24 billion, dropped from 16th, while the British Telecommunications Staff Superannuation Scheme increased its assets 13% to $23.67 billion, but still dropped in ranking from 21st.

Among the top 300 funds, the United States was represented most frequently, with 177 funds holding $1.6 trillion in assets. U.K. pension funds were the second most prominent, with 41 funds holding $279 billion.

Japan ranked third in assets but fifth in the number of funds, with $223 billion held by 15 funds. The Netherlands was fourth in assets, but third in number of funds, with $204 billion held by 19 funds. Canada was fifth in assets and fourth in funds, with $122 billion among 16 funds.

Following were: Sweden, $79.4 billion, all from one fund; Switzerland, $35.6 billion from 10 funds; Germany, $34.8 billion from eight funds; Denmark, $28.5 billion, four funds; Singapore, $27.7 billion, from one fund; Australia, $25.9 billion from five funds; Malaysia, $18.7 billion, from one fund; and France, with $6 billion from two funds.

The universe from which the rankings come includes most of the world's funded pension assets. However, not all countries require funds to report to any regulatory authority.

Japan's Pension Welfare Service was excluded this year because it is not a pension fund. Canada's Caisse de Depot was excluded because it is a manager, handling assets for the Quebec Pension Plan and other funds.

The U.S. fund data are taken from *P&I*'s annual Top 1,000 ranking and are as of Sept. 30 (*P&I*, Jan. 20). The Japanese fund data are provided by the Japan Bond Research Institute, Tokyo, and are as of the end of March 1992; the InterSec data are as of Dec. 31.

Growth rates should not be interpreted as reflecting investment expertise. Many pension funds are constrained in their investment policies. Some large funds in the Far East, Europe, and Canada hold a large proportion of their assets in non-marketable domestic government paper, whereas others are obliged to re-invest in the sponsoring industry.

While data was requested at market value, quite a few funds only prepare accounts at book value, or value different asset classes on different bases. ■

P&I/InterSec World 300 (U.S. $ millions)

1.	TIAA-CREF	U.S.	99,600
2.	ABP	Netherlands	99,400
3.	Allmanna (Boards 1,2,3)	Sweden	79,390
4.	California Employees	U.S.	64,658
5.	New York State & Local	U.S.	50,081
6.	New York City	U.S.	48,876
7.	AT&T	U.S.	45,028
8.	Nat'l Gov't Employees	Japan	43,255
9.	Local Public Service	Japan	41,924
10.	Public School Teachers	Japan	41,368
11.	General Motors	U.S.	40,800
12.	California Teachers	U.S.	37,367
13.	New York Teachers	U.S.	32,514
14.	New Jersey Investment	U.S.	31,280
15.	General Electric	U.S.	31,078
16.	Texas Teachers	U.S.	29,477
17.	IBM	U.S.	29,000
18.	Central Provident Fund	Singapore	27,710
19.	PGGM	Netherlands	25,570
20.	Florida State	U.S.	25,517
21.	Ohio Public Employees	U.S.	24,272
22.	British Coal	U.K.	24,160
23.	British Telecom	U.K.	23,670
24.	Wisconsin State Board	U.S.	22,790
25.	Ford Motor	U.S.	22,700
26.	North Carolina State	U.S.	22,261
27.	Ohio State Teachers	U.S.	22,000
28.	Ontario Teachers	Canada	21,370
29.	Du Pont	U.S.	20,501
30.	Quebec Pension Plan	Canada	20,380
31.	Michigan State	U.S.	20,120
32.	Pa. Public School	U.S.	19,300
33.	Employees Provident	Malaysia	18,660
34.	ATP	Denmark	17,760
35.	Electricity Supply	U.K.	17,620
36.	University of California	U.S.	16,988
37.	NYNEX	U.S.	16,740
38.	Washington State	U.S.	15,640
39.	Ameritech	U.S.	15,600
40.	Minnesota State Board	U.S.	15,105
41.	Post Office	U.K.	14,990
42.	GTE	U.S.	14,976
43.	Bell Atlantic	U.S.	14,741
44.	BellSouth	U.S.	14,570
45.	British Railways	U.K.	14,050
46.	Boeing	U.S.	14,010
47.	NTT Mutual Aid	Japan	13,330
48.	Virginia Retirement	U.S.	13,300
49.	Maryland State	U.S.	13,200
50.	Pension Fund Assoc.	Japan	13,124
51.	Private School Teachers	Japan	12,881
52.	Philips	Netherlands	12,810
53.	Ontario Municipal	Canada	12,720
54.	Pacific Telesis	U.S.	12,594
55.	Oregon Employes	U.S.	12,536
56.	Georgia Teachers	U.S.	12,354
57.	B.C. Superannuation	Canada	12,320
58.	Universities Super.	U.K.	11,260
59.	British Gas	U.K.	11,240
60.	Central St. Teamsters	U.S.	11,163
61.	Pa. State Employes	U.S.	11,131
62.	Agricultural Forest/Fish	Japan	11,126
63.	Los Angeles County	U.S.	11,091
64.	Colorado Employees	U.S.	10,914
65.	Prefectural Gov't	Japan	10,891
66.	Western Teamsters	U.S.	10,825
67.	Shell Pensions Trust	U.K.	10,300
68.	Fed. Retirement Thrift	U.S.	10,198
69.	Rockwell International	U.S.	10,125
70.	Tenn. Consolidated	U.S.	10,077
71.	Eastman Kodak	U.S.	9,961
72.	Alabama Retirement	U.S.	9,920
73.	Illinois Teachers	U.S.	9,888
74.	USX	U.S.	9,850
75.	United Nations	U.S.	9,798
76.	Barclays Bank	U.K.	9,750
77.	Imperial Chemicals	U.K.	9,730
78.	South Carolina	U.S.	9,386
79.	U S WEST	U.S.	9,370
80.	Connecticut State	U.S.	9,360
81.	United Technologies	U.S.	9,212
82.	Nat'l Police Personnel	Japan	9,211
83.	National Westminster	U.K.	9,120
84.	Southwestern Bell	U.S.	9,093
85.	Lockheed	U.S.	9,052
86.	NSW State Super.	Australia	9,020
87.	Exxon	U.S.	8,919
88.	Arizona State	U.S.	8,850
89.	British Petroleum	U.K.	8,850
90.	Shell Oil	U.S.	8,783
91.	Philip Morris	U.S.	8,698
92.	Sears, Roebuck	U.S.	8,665
93.	British Steel	U.K.	8,520
94.	Chevron	U.S.	8,377
95.	D.Bank/Bankiergewerbe	Germany	8,340
96.	Shell	Netherlands	8,160
97.	Hughes Aircraft	U.S.	7,900
98.	Ontario Public Service	Canada	7,750
99.	Texas Employees	U.S.	7,683
100.	Metaalnijverheid BPF	Netherlands	7,610
101.	Bouwnijverheid BPF	Netherlands	7,440
102.	General Dynamics	U.S.	7,234
103.	Procter & Gamble	U.S.	7,105
104.	Lloyds Bank	U.K.	7,060
105.	Allied-Signal	U.S.	7,000
106.	British Airways	U.K.	6,960
107.	McDonnell Douglas	U.S.	6,800
108.	Prudential Insurance	U.S.	6,764
109.	Westinghouse Electric	U.S.	6,667
110.	Mass. Teachers/Empl.	U.S.	6,591
111.	Tokyo-to Public Service	Japan	6,395
112.	Canadian Nat'l Railways	Canada	6,230
113.	Lonmodiagernes D'fond	Denmark	6,200
114.	Metaalindustrie BPF	Netherlands	6,080
115.	Iowa Public Employees	U.S.	5,942
116.	Neder. Spoorwegen	Netherlands	5,880
117.	Missouri Public Schools	U.S.	5,861
118.	Chrysler	U.S.	5,834
119.	Bayerische Arztevers.	Germany	5,740
120.	City of Zurich	Switzerland	5,700
121.	State Service Super.	Australia	5,690
122.	Federation/Cities Pers.	Japan	5,682
123.	Pacific Gas & Electric	U.S.	5,600
124.	Bell Canada	Canada	5,580
125.	UMWA	U.S.	5,562
126.	British Broadcasting	U.K.	5,470
127.	Mobil Oil	U.S.	5,426
128.	Mississippi Employees	U.S.	5,420
129.	Illinois Municipal	U.S.	5,318
130.	Hospitals of Ontario	Canada	5,230
131.	Super. Fund Inv't Trust	Australia	5,230
132.	Delta Air Lines	U.S.	5,139
133.	Alberta Public Sector	Canada	5,020
134.	Unisys	U.S.	4,998
135.	Midland Bank	U.K.	4,960
136.	Utah State	U.S.	4,900
137.	Amoco	U.S.	4,825
138.	Alaska Retirement	U.S.	4,800
139.	United Airlines	U.S.	4,800
140.	American Airlines	U.S.	4,750
141.	Ontario Hydro	Canada	4,720
142.	Unilever	U.K.	4,710
143.	General Electric	U.K.	4,660
144.	All Japan Mutual Credit	Japan	4,634
145.	Caterpillar	U.S.	4,600
146.	Dow Chemical	U.S.	4,594
147.	San Francisco City/Co.	U.S.	4,586
148.	Strathclyde Regional	U.K.	4,580
149.	Hawaii Employees	U.S.	4,520
150.	Kentucky Teachers	U.S.	4,501
151.	Monsanto	U.S.	4,500
152.	Bayer AG	Germany	4,490
153.	Greater Manchester Co.	U.K.	4,490
154.	SBB	Switzerland	4,400
155.	United Methodists	U.S.	4,333
156.	Prudential Assurance	U.K.	4,310
157.	Nat'l Elect. Contractors	U.S.	4,308
158.	Louisiana Teachers	U.S.	4,292
159.	Los Angeles Fire/Police	U.S.	4,220
160.	Illinois State Universities	U.S.	4,210
161.	Kansas Employees	U.S.	4,207
162.	Nevada Employees	U.S.	4,169
163.	Northrop	U.S.	4,160
164.	Georgia Employees	U.S.	4,150
165.	KLM	Netherlands	4,150
166.	Minnesota Mining/Mfg.	U.S.	4,102
167.	Grafische BPF	Netherlands	4,090
168.	State Farm Insurance	U.S.	4,080
169.	J.C. Penney	U.S.	4,056
170.	British Aerospace	U.K.	4,040
171.	Baugewerbe ZVK	Germany	4,030
172.	Atlantic Richfield	U.S.	4,028
173.	Detroit Retirement	U.S.	4,010
174.	Chicago Teachers	U.S.	4,000
175.	Southern Co.	U.S.	3,982
176.	World Bank	U.S.	3,950
177.	Kentucky Retirement	U.S.	3,900
178.	Migros	Switzerland	3,900
179.	Metropolitan Life	U.S.	3,857
180.	Consolidated Edison	U.S.	3,850
181.	Textron	U.S.	3,846
182.	Commonwealth Banking	Australia	3,820
183.	Ford Motor	U.K.	3,820
184.	Indiana Employees	U.S.	3,802
185.	CIBA-GEIGY	Switzerland	3,800

Continued on page 20

Performance analysis enters overseas arena

By Anne Schwimmer

U.S. pension funds and their consultants are trying to develop tools to measure the sources of investment returns generated by international stock managers.

While pension executives have a selection of quantitative performance attribution tools for their domestic equity managers — from consultants such as BARRA Inc. and Wilshire Associates Inc. — the tools do not yet exist to measure active management contributions of their international stock managers.

"We need to have a better understanding of the sources of returns in international," said Stan Willie, director-trust investment management at U S WEST Inc., Englewood, Colo.

"Just like in performance attribution in U.S. investments, it's important to know where your returns come from," he said. U S WEST's $8 billion fund has 15% allocated to international equities.

"That's why it's a very important issue," he added. "It's a much tougher problem than in U.S. equities."

Said John Carroll, president of GTE Investment Management Corp : "It's something that needs more work, but the lack of the sophistication that we have in the domestic area I don't think will slow down interest in the international area." Mr. Carroll's organization manages GTE Corp.'s $13 billion in pension assets.

"It just gets terribly complicated," Mr. Carroll explained. "Portfolio attribution in a domestic portfolio is chess; this is multidimensional chess."

Essentially, funds want to know how much value their international equity money managers are adding. They want to understand how much of their return is coming from their own allocation decision in international and how much is derived from the money managers' decision processes and particular styles.

"We know how the stocks behave — stocks behave the same in every country. It's a matter of how the managers behave," said William F. Sharpe, chairman of William F. Sharpe Associates, a consulting firm in Los Altos, Calif., and Timken Professor Emeritus of Finance, Stanford University, Stanford, Calif.

For U.S. equities, it is common to break out a manager's performance by asset allocation, stock selection and market timing, for example. But for now, although the application of the U.S. method to international equities is hypothetically possible, no consultant has a standard model available.

That leaves pension fund executives and trustees effectively flying blind, with no clear idea what is generating their returns internationally.

After talking with consultants, Asea Brown Boveri Inc., Stamford, Conn., is attempting to create a model that will break out the sources of international returns. "The tools we've seen haven't been very robust," said Craig S. Scholl, manager-pension and thrift management at Asea Brown Boveri. "We haven't found tools from other people, so we're trying to develop some tools internally that would meet our needs."

The search for a quantitative model has been "at times frustrating, but I don't think we were too surprised" that consultants couldn't find one, Mr. Scholl said.

"We see every reason to look at analysis of equity management with similar conceptual frameworks, whether it's U.S. only, global or some collection of non-U.S. countries," he said.

ABB's $700 million fund has 15% allocated to international equities, 2.5 times the international allocation it had earlier this year. The allocation was increased as a result of an asset/liability study, Mr. Scholl said.

U S WEST, meanwhile, is collaborating with BARRA, Berkeley, Calif., to develop a model.

"We're mainly working in the analysis phase," U S WEST's Mr. Willie. "We're right in the process of working with BARRA. They need a lot of information — every security held by a manager."

GTE's John Carroll says international performance attribution needs refinement.

"It's unclear whether we'll get the kind of information we need," Mr. Willie said, explaining some of the fund's international managers are invested in pools of funds. That means "we need to know the securities that are in the other account," which is proving somewhat more difficult and time-consuming, he said.

At American Telephone & Telegraph Co., Berkeley Heights, N.J., Teri Goodale, investment director, is satisfied with the kind of information already available from the fund's consultant — The Frank Russell Co., Tacoma, Wash. — about its international returns.

"The manager style in international is not as defined, so, yes, it's not as easily broken out" compared to the United States, Ms. Goodale said. AT&T has its international managers' returns divided by country, stock, currency and asset allocation, which she believes is enough.

"Typically managers have a style (that) is much more important in where they place in horse races," said Mr. Sharpe. He noted it's "very new" and "very early" for these domestic equity tools to be applied internationally.

"It's just beginning to be understood in France, Switzerland, Japan, that again the same factors turn out to be very important," Mr. Sharpe said.

"What I expect to see is this kind of analysis take off in other countries," he said.

Mr. Sharpe added that in some countries, like Japan, manager styles can be substantially different from those common in the United States. U.S. managers typically split on value/growth or small-cap/large-cap lines. In Japan, industry sectors can take precedence.

"The stocks behave similarly," Mr. Sharpe explained. "The difference is that, until recently, managers in Japan tended to specialize in the sectors."

"I call it a natural evolution," said John Meier, a senior consultant at BARRA. "There just are not as many tools out there to look at this in a sophisticated way. The innovators, the most sophisticated pension funds, are going to want to take what they do on the U.S. side and apply it to their international managers."

The BARRA product, still in the initial stage, will supply a "full-factor based international performance attribution," Mr. Meier said. The model will examine money managers' asset allocation as well as their stock selection within each market. In studying the allocation decision, BARRA will examine country and currency selection, as well as how well the manager actively managed the currency risk. As for stock selection, BARRA intends to review "beta policy, risk index or style bets," plus the actual stocks the manager picked, Mr. Meier explained.

At BARRA, U.S. equity returns are sliced into 68 different pieces: 13 risk index factors (such as variability in markets, capitalization size and trading activity), and 55 industries (such as aluminum, international oil, beverages and publishing). BARRA also separates out the money managers' beta policy and specific asset selections.

The firm would like to establish similarly rigorous tests for international investment performance attribution.

At Wilshire Associates, Santa Monica, Calif., domestic equity performance is divided into five categories: style, timing, sector weighting, stock selection and trading.

Wilshire divides international equity returns into seven categories: timing, currency hedging, currency selection, country market selection, sector selection, stock selection and trading.

Mr. Meier said the managers, like their clients, seem to want a way to better measure their performance.

"A lot of them are actually looking to do this also," he said. "In many cases they may not be fully aware, they may want an independent confirmation of their style — what's working, what's not working." ▪

P&I/InterSec World 300

Continued from page 18

186.	Hoechst AG	Germany	3,800
187.	UNIRS	France	3,800
188.	Xerox	U.S.	3,780
189.	TSB Group	U.K.	3,770
190.	RJR Nabisco	U.S.	3,737
191.	Ohio Police & Firemen	U.S.	3,717
192.	International Paper	U.S.	3,713
193.	ALCOA	U.S.	3,679
194.	IBM Deutschland	Germany	3,670
195.	Grumman	U.S.	3,650
196.	Martin Marietta	U.S.	3,644
197.	Raytheon	U.S.	3,633
198.	Canton of Zurich	Switzerland	3,600
199.	Merchant Navy	U.K.	3,590
200.	West Midlands Met.	U.K.	3,580
201.	Lucas Industries	U.K.	3,560
202.	Illinois State Board	U.S.	3,503
203.	Tenn. Valley Authority	U.S.	3,483
204.	London Reg. Transport	U.K.	3,450
205.	W. Yorkshire Super.	U.K.	3,410
206.	ITT	U.S.	3,409
207.	Texaco	U.S.	3,400
208.	Coop Schweiz	Switzerland	3,400
209.	Ohio School Employees	U.S.	3,371
210.	Quebec Construction	Canada	3,370
211.	Hydro Quebec	Canada	3,350
212.	Bethlehem Steel	U.S.	3,325
213.	Tenneco	U.S.	3,314
214.	TRW	U.S.	3,313
215.	Imperial Group	U.K.	3,290
216.	Eli Lilly	U.S.	3,207
217.	City of Lausanne	Switzerland	3,200
218.	Massachusetts PRIM	U.S.	3,200
219.	Union Carbide	U.S.	3,174
220.	S. Baptist Convention	U.S.	3,149
221.	Hitachi	Japan	3,126
222.	Aetna	U.S.	3,107
223.	SSIH	Switzerland	3,100
224.	Los Angeles City	U.S.	3,095
225.	Deere & Co.	U.S.	3,069
226.	Matsushita Electric	Japan	3,034
227.	Canadian Pacific	Canada	3,030
228.	London Pension Funds	U.K.	3,000
229.	Rover Group Holdings	U.K.	3,000
230.	Hoogovens	Netherlands	2,930
231.	IBM U.K.	U.K.	2,920
232.	Onderling BPF	Netherlands	2,880
233.	Honeywell	U.S.	2,855
234.	Boilermaker/Blacksmith	U.S.	2,834
235.	S. California Edison	U.S.	2,820
236.	Rhode Island	U.S.	2,788
237.	Kaiser Permanente	U.S.	2,775
238.	Sun Alliance Insurance	U.K.	2,740
239.	Arkansas Teachers	U.S.	2,726
240.	Texas Municipal	U.S.	2,710
241.	Unilever	Netherlands	2,710
242.	Presbyterian Church	U.S.	2,700
243.	Toshiba	Japan	2,689
244.	Abbott Laboratories	U.S.	2,681
245.	Halliburton	U.S.	2,667
246.	Louisiana State	U.S.	2,663
247.	Phillips Petroleum	U.S.	2,661
248.	Rolls-Royce	U.K.	2,660
249.	Owens-Illinois	U.S.	2,650
250.	PTT Nederland	Netherlands	2,650
251.	USAir	U.S.	2,636
252.	BASF	Germany	2,590
253.	Op. Eng./Central Fund	U.S.	2,570
254.	Trans World Airlines	U.S.	2,561
255.	United Parcel Service	U.S.	2,534
256.	Allied-Lyons	U.K.	2,510
257.	Texas Co./District	U.S.	2,509
258.	Nat'l Rural Elect. Co-op	U.S.	2,497
259.	Motorola	U.S.	2,492
260.	Bristol-Myers Squibb	U.S.	2,479
261.	Citibank	U.S.	2,477
262.	Bakery/Confect. Union	U.S.	2,468
263.	STC	U.K.	2,430
264.	New Mex. Educational	U.S.	2,426
265.	Air Canada	Canada	2,410
266.	BP America	U.S.	2,400
267.	BTR	U.K.	2,390
268.	New Mexico Employees	U.S.	2,386
269.	Commonwealth Edison	U.S.	2,379
270.	PPG Industries	U.S.	2,362
271.	DSM	Netherlands	2,350
272.	Met. Borough of Wirral	U.K.	2,350
273.	Oklahoma Teachers	U.S.	2,348
274.	Koopvaardij BPF	Netherlands	2,340
275.	Mijnwerkers (Limburg)	Netherlands	2,340
276.	Laegernes	Denmark	2,320
277.	Maine Retirement	U.S.	2,311
278.	Central Electricity Cos.	Switzerland	2,300
279.	UFCW-S. California	U.S.	2,288
280.	Sygehjaelpere mfl	Denmark	2,280
281.	American Stores	U.S.	2,276
282.	Indiana Teachers	U.S.	2,275
283.	Civil Aviation Authority	U.K.	2,250
284.	General Motors/Canada	Canada	2,250
285.	Nova Scotia Public Svc.	Canada	2,250
286.	Hosp./Healthcare Empl.	U.S.	2,249
287.	Travelers	U.S.	2,237
288.	CIGNA	U.S.	2,236
289.	C.R.P.N.C.P.	France	2,230
290.	FPL Group	U.S.	2,227
291.	Evangelical Lutheran	U.S.	2,223
292.	Chicago Municipal	U.S.	2,220
293.	Akzo	Netherlands	2,210
294.	Allianz Versicherungs	Germany	2,210
295.	Canton of Vaud	Switzerland	2,200
296.	Huisartsen BPF	Netherlands	2,190
297.	L.A. Water/Power	U.S.	2,165
298.	ICMA Retirement	U.S.	2,160
299.	Navistar	U.S.	2,159
300.	State Super./Victoria	Australia	2,140

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July 20, 1992

Pensions&Investments

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Performance key to Mutual Benefit rescue

401(k) plans might get less favorable terms

By Hillary Durgin

The proposed bailout of Mutual Benefit Life Insurance Co. would create two classes of pension-related contract holders, offering less favorable interest rates and payment terms to corporate 401(k) plans than 403(b) plans.

The differences could dissolve, however, if the underlying assets of the failed insurer perform well, enabling all investors to share in earnings and receive payouts at the end of the expected seven-year rehabilitation period.

The potential for less favorable treatment became a sticking point in the negotiations between the insurance industry and the plan sponsor community. While the insurance industry maintained the 401(k) plan GICs over a certain size weren't protected by state guaranty associations, plan sponsors believed there should be no distinctions between their contracts and the investments made by the 403(b)s. An agreement by the insurance industry to cover the 401(k) contracts and a concession by plan sponsors to put off their concerns until the final outcome helped seal the agreement in principle announced last week.

Despite the different terms, people involved in the deal emphasize that all of the $5.2 billion worth of retirement savings plan investments would receive guaranteed payment of principal plus at least a minimum amount of interest.

"Our entire objective throughout this has been to get equivalent treatment of all policyholders and as equal as possible among these 403(b)s and 401(k) type of contracts," said David Van Benschoten, chairman of the Association of Mutual Benefit Life Insurance Contractholders, which represents about $4 billion in investments made by retirement savings plans. "We have largely succeeded, although there are some differences."

(A 401(k) plan is sponsored by a corporation; a 403(b) is sponsored by a tax-exempt organization. While the 401(k) plans purchased GICs, the 403(b) plans generally invested in the insurer's general account assets.)

The rehabilitation plan, which turns on guarantees by a group of insurance companies and state guaranty associations, should assuage investors whose faith in the insurance industry was shaken badly by the failures last year of Executive Life Insurance Co., Los Angeles, and Mutual Benefit Life.

"For Mutual Benefit investors, it's generally quite a positive outcome," said Mr. Van Benschoten, who is director-investment management for the pension plans at General Mills Inc., Minneapolis. "Because of the safety nets, they can now have the confidence that their policy is fully protected 100 cents on the dollar."

Besides General Mills, other

See **Rescue** *on page 35*

AT DEADLINE

Hughes cuts 401(k) match

To control costs, Hughes Aircraft is ending part of its matching policy for the company's estimated $2.5 billion 401(k) plan.

A Hughes spokesman said the company expects to stop by year end the current match of 75% of employee 401(k) contributions above 3% of salary, up to 7% of salary. He said the company will continue a 100% match up to the 3% level.

Time Warner unscathed

Time Warner President Gerald M. Levin told angry law enforcement officers at a shareholders meeting last week the company would survive economic threats spurred by the distribution of the Ice-T "Cop Killer" album.

However, "(I)n the very near future, we'll be investing in a commercial-free television forum that will bring together artists, law enforcement personnel and concerned citizens to examine the complex issues we face here today," he said in prepared remarks.

But law enforcement officials said they were continuing efforts to financially punish the firm.

Fund hires consultant

The $150 million pension fund for Nashville Electric Service hired PaineWebber as its consultant, according to Don Kohanski, secretary/treasurer.

Defense firms targeted

The nation's biggest defense contractors would be saddled with massive new pension liabilities under legislation working its way through Congress.

An amendment attached to a Defense Department spending bill would require big defense contractors to offer rich, special pension benefits to certain older workers who are laid off or terminated under a defense contract.

The House last month cleared a defense bill, H.R. 5006, containing

Continued on page 33

Virginia system huddles on stadium

By Curtis Vosti

The $14 billion Virginia Retirement System is a key player in Virginia's proposal to lure the 1992 Super Bowl Champion Washington Redskins away from the nation's capital.

Virginia Gov. L. Douglas Wilder wants Redskins owner Jack Kent Cooke to build a stadium on part of a 320-acre tract of land in Alexandria called Potomac Yard. RF&P Corp. owns Potomac Yard, and the Virginia system owns more than 99% of the stock in RF&P through a complicated stock deal completed last fall.

Mark Finn, the pension fund's investment committee chairman and RF&P's new chairman of the board, says he thinks the value of the pension fund's $385 million investment in RF&P would increase if the Redskins move to Virginia. He also contends the pension fund is not directly involved. "The pension fund is not dealing with the state; RF&P is," Mr. Finn said.

He said the value of the property — and adjacent RF&P property not included in the stadium proposal — would increase because the state would pay for infrastructure projects and commercial and residential developments would follow.

Both Mr. Finn and system Chairwoman Jacqueline Epps are board members of Systems Holdings Inc., the pension fund subsidiary that, for legal protection, actually owns the RF&P stock and appoints the RF&P board. Ms. Epps also is on RF&P's board.

The proposal calls for RF&P to lease about 200 acres to Mr. Cooke for $1 a year. Mr. Cooke would build the stadium at his expense, and the state would provide the infrastructure improvements to ready the land.

Gov. Wilder has said he will provide specific financing details of $130 million in estimated infrastructure work Aug. 14 to the General Assembly's money committees — Senate Finance and

See **Virginia** *on page 31*

AP/WIDE WORLD PHOTOS

The Redskins could be playing on land held by a company whose stock is controlled by the Virginia Retirement System.

AP/WIDE WORLD PHOTOS

H. Ross Perot's decision not to run for president removes some of the uncertainty hanging over the capital markets.

Perot move a boon to markets and Bush

H. Ross Perot's withdrawal from the presidential campaign should have a positive, if any, impact on the capital markets in the short run by eliminating the uncertainty of his insurgent candidacy, pension executives and money managers say.

And Mr. Perot's decision not to run for president will benefit President Bush more than Gov. Bill Clinton, most of those interviewed said.

Mr. Perot, the self-styled billionaire populist from Texas who never formally declared his candidacy, announced last Thursday he would not run for the presidency.

Frederick W. Zuckerman, senior vice president and treasurer, RJR Nabisco Inc., New York, said Mr. Perot's withdrawal is "pretty good for the market in the short term."

"The market hates uncertainty, and since Perot as a third candidate created uncertainty, we have less uncertainty today.

"I think the market prefers Bush because Bush is a known quantity," he said. "Clinton is a less known quantity."

Laurence B. Siegel, managing director, Ibbotson Associates, Chicago, said Mr. Perot's withdrawal may show "voters are less discontented than the popular press reflects. . . . Maybe they aren't ready for someone who says 'chuck the two-party system.' "

Thomas Larkin Jr., president, Trust Co. of the West, Los Angeles, said the Perot withdrawal would benefit overseas markets, especially in Latin America.

"Of the presidential candidates, Perot was the only one opposed" to the free-trade agreements in the Americas, he said.

Both the Argentine and Mexi-

See **Perot** *on page 33*

NEWS DIGEST

Presbyterian Hospital of Dallas
G. THATCHER

Presbyterian Healthcare Systems in Dallas has refashioned its employee benefit investment structure, giving employees a more diversified program. Page 28.

SPECIAL REPORT: DATA BASES/SOFTWARE

Investment management computer products are profiled in *P&I's* annual directory. Page 14.

FINANCING

The Equitable scaled back its riskier investments in preparation for its stock offering. Page 33.

INTERNATIONAL

Foreign investment advisers are gaining acceptance among Japanese pension executives. Page 2.

REAL ESTATE

The Virginia Retirement System controls the firm that owns land targeted for a new football stadium. Page 1.

A clearinghouse and public auctions are two ways being tried to spark realty transactions. Page 3.

The Texas Teachers fund agreed to take a share in a Crow family hotel rather than seek foreclosure. Page 4.

New York's realty gains tax was overturned, meaning the state owes three pension funds a refund. Page 30.

* * * * *

Corrections and additions to *P&I's* May 18 issue profiling investment management organizations. Page 26.

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Master trust poll in the mail

Questionnaires for *Pensions & Investments'* annual survey of master trust, master custodial and global custodial banks have been mailed, and are due Aug. 16. If you do not receive a questionnaire soon, and believe your institution should be included in this year's directory, please contact Karen Waters, directory coordinator, at (312) 649-5240.

Japanese barriers falling

Underfunding sparks greater use of foreign advisers

By Anne Schwimmer

Cornered by exploding underfunded liabilities and dreadful stock market returns, Japanese pension executives slowly are opening their doors to non-Japanese money managers.

Compared with booming money management industries in other countries, Japanese business today is paltry.

But U.S.- and U.K.-based investment advisers who have been diligently making the rounds in Japan for years say recent hirings are the first cracks in the legal and traditional barriers that block non-Japanese money managers from Japan's 55 trillion yen ($439.3 billion) pension market. That figure, however, is book value.

Within the past 18 months, four Japanese pension sponsors allocated small amounts to foreign investment advisers.

Just last month, Hitachi Ltd., the largest Japanese corporate pension plan, hired two foreign investment advisers, INVESCO MIM International Ltd., London, and Warburg Asset Management Japan Ltd., Tokyo, to oversee about $3.1 million or 730 million yen each in global balanced accounts.

Earlier this year, Nagasakiya Co. Ltd., Tokyo, hired INVESCO MIM to manage $7.8 million, and Toyota Motor Co. hired Merrill Lynch Asset Management, Plainsboro, N.J. Last October, the West Japan Plastics pension fund hired Baring International Investment Management Ltd.

Japanese plan sponsors are allowed by law to give new investment advisers only assets from cash inflow; they cannot transfer assets to new advisers from current managers. Before April 1990, Japanese plans were barred entirely from hiring investment management firms — Japanese or non-Japanese — and were required to restrict themselves to trust banks or insurance companies.

All Japanese pension plans are required to keep at least 50% of their assets in Japanese fixed-income instruments, and no more than 30% in Japanese stocks, 30% in foreign securities and 20% in real estate investments.

Some observers think Japan might deregulate the investment management industry further by removing these stringent requirements. Indeed, an interim report prepared by a joint committee of the Japanese Ministry of Health and Welfare and the Ministry of Finance recommended further deregulation.

"As asset management based on the principle of self-responsibility gets accepted and investment evaluation (methods are) established, it seems desirable that regulations on investments which are currently in place for the soundness of pension plan funding be relaxed," the report says.

See **Advisers** *on page 31*

Minneapolis changes complete

Bond hires signal end of overhaul

By Christine Philip

Trustees for the $848 million Minneapolis Employees Retirement Fund are expected to hire two active bond managers this week, completing a total restructuring of the fund.

Meanwhile, equity exposure to the $609 million retirees' portion of the plan will increase to 50% from 35% as a result of a new law changing the fund's benefit adjustment formula to a total return spending policy from one based on net realized income. The system also has a $239 million portion for active employees.

The board is expected to hire Durkee Capital Advisors L.P., Boston, to manage $40 million in a quantitative, interest rate-driven bond portfolio, and Washington Square Capital Management, Minneapolis, to manage $20 million in a corporate bond portfolio emphasizing securities selection and credit analysis.

James Hacking has overseen the restructuring of the Minneapolis Employees fund.

Washington Square also will assume management of $19 million in below-investment-grade bonds still remaining in the retirees' plan. Washington Square will continue to try to dispose of the junk bond holdings, a process begun by Investment Advisers Inc., Minneapolis, in 1990 when all of the fund's fixed-income assets were handed over to the firm. Investment Advisers will be terminated as a fixed-income manager but still handles a small-capitalization value equity portfolio.

The remaining $40 million from fixed-income allocations will be moved temporarily into a passive account managed by State Street Bank and Trust Co., Boston.

James Hacking, executive director and chief investment officer, said the change in the benefits formula will necessitate a greater emphasis on equities in the retirees' fund. During the next fiscal year, the $40 million gradually will be allocated to existing equity managers, changing the retirees' domestic and international equity exposure to a target of 50%, from 35%.

The restructuring began in September 1990, the result of scandals uncovered following the resignation of Mr. Hacking's predecessor. Mr. Hacking replaced John Chenoweth, who has since died, in August 1990. ■

Bills await Congress' action

By Hillary Durgin

WASHINGTON — A coal tax that would pay for mineworkers' retiree health benefits has kicked up a cloud over energy legislation awaiting Senate action this week.

Both the Bush administration and the energy bill's chief Republican sponsor, Sen. Malcolm Wallop, R-Wyo., are fiercely opposed to the tax — inserted in the energy bill by Sen. John D. Rockefeller IV, D-W.Va. — and are threatening to derail the bill.

The energy bill, which also includes a provision to loosen investment restrictions on nuclear decommissioning trusts, is among the legislation awaiting congressional action before lawmakers recess for the November elections.

- A tax bill features measures to secure retroactive pension and health benefits for returning veterans, pension simplification and incentives for pension fund investment in real estate. The bill was passed by the House and awaits Senate action.
- A broad bankruptcy reform package would enhance the Pension Benefit Guaranty Corp.'s standing in bankruptcy proceedings. The bill has been passed by the Senate and awaits action by the House.
- The Unemployment Compensation Amendments of 1992, signed into law earlier this month, contains significant changes to current rollover provisions for lump-sum pension distributions.

A group of non-unionized coal companies, the Private Benefits Alliance, is using a recently released analysis of newly available census data to charge supporters of the benefits tax lied to Congress and to a blue-ribbon coal commission to bolster their case for the tax. The PBA is trying to strike the tax measure from the energy bill.

The alliance says the Bituminous Coal Operators' Association, the group of unionized coal companies supporting the tax, has understated the number of mineworkers covered by health and benefit trusts for whom they are responsible.

The BCOA, which said the PBA's charges are without merit,

See **Bills** *on page 35*

Continued from page 12

If the current administration will not support meaningful protection of public or private pension funds and Congress appears to be reluctant to enact corrective legislation, what are we to do?

Vote them out of office in November!

Jake Petrosino
Member
Board of Administration
California PERS
Sacramento

Property breakdown

■ We wish to correct an error in your May 18 issue. The correct breakdown of the $4.3 billion in real estate managed by GE Investments as of Jan. 1 is equity real estate $3.91 billion and mortgages $398 million. We regret any confusion our error may have caused your readers.

David W. Wiederecht
Vice president
Real estate operations
General Electric Investment Corp.
Stamford, Conn.

$3.4 billion total

■ We our sending you a revised investment adviser questionnaire.

Total assets under management should be $3.415 billion and total discretionary assets should be $3.415 billion.

Both were incorrect in our initial questionnaire, reported in the May 18 directory.

David L. Johnson
Senior vice president
Nicholas Co. Inc.
Milwaukee

Profile statistics at a glance

Because of double-counting of assets and a misreporting of assets, the Profile Statistics at a Glance, published May 18, was inaccurate. The corrected table is shown below. These new numbers change the growth rates reported in the May 18 article. Discretionary, tax-exempt assets of all managers rose 14.4% to $2.473 trillion; among the Top 500 managers, they rose 14.7% to $2.434 trillion; and among the Top 100 managers, 18.2% to $1.797 trillion. Total discretionary assets of all managers rose 16.6% to $4.603 trillion; among the Top 500 managers, they rose 20.7% to $4.526 trillion; and among the top 100 managers, they rose 29.4% to $3.361 trillion. Mortgage-backed securities managed by all managers rose 11.4% to $96.507 billion; international fixed income under management rose a market-adjusted 0.9% to $26.698 billion; and 401(k) and 457 plan assets rose 51.3% to $282.468 billion.

Other charts affected and the changes are:

Managers using overlay programs – delete Franklin Advisers and Franklin Institutional, putting all assets in overlay programs at $68.793 billion and underlaying assets managed internally at $24.58 billion;

The 25 largest managers of mortgage-backed securities – delete Franklin Institutional, change Franklin Advisers to $2.475 billion and add Travelers with $1.324 billion, for a new total of $63.095 billion;

The 25 largest independent managers – drop Franklin Institutional and add Neuberger & Berman, with $9.898 billion, for a new total of $423.354 billion;

Minority- and women-owned firms – delete Montag & Caldwell.

Total managers profiled	993
Banks, trust cos. and subsidiaries	133
Insurance cos. and subsidiaries	82
Investment counselors	747
Canadian managers*	32
Minority-/female-owned firms	80
Total portfolio managers employed	7,230
Total security analysts employed	5,409
Stocks watched closely (average)	
By banks	273
By insurance cos.	322
By investment counselors	260
Stocks watched generally (average)	
By banks	1,005
By insurance cos.	827
By investment counselors	1,033
Percentage of in-house research (average)	
By banks	61
By insurance cos.	68
By investment counselors	69
No. of managers using options	190
No. of managers using stock index futures	116
No. of managers using fixed-income futures	114
Total discretionary assets managed internally ($ mils.)	4,602,651
Top 500	4,526,072
Top 100	3,360,872
Tax-exempt discretionary assets managed internally ($ mils.)	2,472,781
Top 500	2,434,186
Top 100	1,796,841
Banks, trust cos. and subsidiaries	669,491
Insurance cos. and subsidiaries	611,558
Investment counselors	1,191,732
Tax-exempt discretionary assets managed internally by Canadian managers ($ mils.)*	58,765
Real estate assets managed ($ mils.)	183,481
Equity real estate	87,623
Mortgages	95,858
Mortgage-backed securities assets managed ($ mils.)	96,507
Total indexed assets managed ($ mils.)	348,180
Domestic equity	231,749
Domestic bond	87,487
International equity	27,773
International bond	1,171
Total international assets managed ($ mils.)**	134,703
Equity	70,587
Bonds	26,698
Cash	7,650
Assets invested in GICs ($ mils.)	150,371
Assets invested for 401(k)/457 plans ($ mils.)	282,468
Assets invested in dedicated/immunized funds ($ mils.)	61,635

*All other data exclude Canadian managers
**Includes international indexed assets

Not really all in realty

■ We would like to clarify any misconception given in the May 18 directory of investment managers that McMorgan & Co. manages only real estate.

McMorgan manages a total of $10.2 billion in assets for tax-exempt clients in the following categories: Stocks, $3.2 billion; bonds, $1.5 billion; cash, $1.3 billion; real estate equity, $300 million; mortgages, $1.4 billion; and mortgage-backed securities, $2.5 billion.

Deane Nelson
Assistant vice president
McMorgan & Co.
San Francisco

Editor's note: In its questionnaire, the firm called itself a real estate manager and didn't provide any asset mix information.

Ranking 116, not 875

■ Because of our inaccuracies in our response to your questionnaire, the information on assets in your May 18 directory of money managers is incorrect.

Total tax-exempt assets under management by Investors Research Corp. (Twentieth Century's investment manager) should be $5 billion, not $6 million. Discretionary tax-exempt assets also should be $5 billion. In terms of ranking, Twentieth Century would move to No. 116 from No. 875. Total 401(k)/457 assets under management should be $1.6 billion, not $3 million.

Denise L. McMurry
Manager, marketing programs
Twentieth Century Cos.
Kansas City, Mo.

Adding another CIO

■ In the May 18 issue, Cassandra Hardman should be listed with Barry Gillman as chief investment officers of PCM International.

Jeff Kutler
Director
PCM International
Short Hills, N.J.

Full name preference

■ We would like to request *P&I* list New England Investment Cos. by its full name in next year's directory of money managers.

We are recognized as New England Investment Cos. or NEIC in all business dealings. Your readers will not recognize us by the shortened name that appears in the May 18 directory, "New England Investment."

Joan Miller
Senior vice president
New England Investment Cos.
Boston

International bonds

■ In the May 18 money manager directory, our assets under management were misstated for active international bond assets. RCM actually managed $250 million in international bonds at year-end 1991.

Melody L. McDonald
Principal
RCM Capital Management
San Francisco

Editor's note: In the questionnaire it filled out RCM listed $54 million in actively managed *international bonds.*

Not a junk specialist

■ The description of our firm in the May 18 directory is incorrect. Bradford & Marzec is not a high-yield bond manager, although we do manage some high-yield bonds. We are an active domestic bond manager.

This correction is of critical importance because your publication is relied upon by sponsors who screen managers from the listings.

Edward T. Bradford
Bradford & Marzec Inc.
Los Angeles

GIC revisions

■ In reading your May 18 issue and specifically the GIC provider table on page 31, we discovered an error in GIC assets The Principal Financial Group reported.

The correct numbers should have been: single (bullet) $2.6 billion, recurring (window) $1.736 billion, and pension-related annuities $1.972 billion.

We apologize for the inconvenience caused by this error.

Dan J. Fitzgerrell
Director-pension services
The Principal
Des Moines, Iowa

Fixed-income style

■ I am writing to amend David L. Babson & Co. Inc.'s listing in the May 18 directory. Kindly insert a sentence at the end of the paragraph that reads: "Its equity approach is bottom-up, emphasizing growth." The fixed-income approach uses investment grade securities of intermediate term.

Jo-Ann E. Rogers
David L. Babson & Co. Inc.
Cambridge, Mass.

$66 million firm

■ Our firm was absent from the May 18 directory of money managers. We would like to be in your future surveys.

As of March 31, our firm was managing total assets of $167 million, of which $66 million was tax exempt.

John M. Lee Jr.
Lee, Danner & Bass Inc.
Nashville, Tenn.

Manager addition

■ Our firm wasn't in the May 18 listing of investment managers.

As of Jan. 1, Signet Asset Management had $1.308 billion under management of which $708 million comprised discretionary tax-exempt assets.

Signet is an active equity, fixed-income, cash, balanced and pooled GIC manager.

Our parent company is Signet Trust Co.

Scott R. Ayres
Vice president
Director-marketing
and client services
Signet Asset Management
Richmond, Va.

Small- to mid-cap

■ Cedar Hill Associates wasn't in your May 18 issue on money managers.

We manage in total over $270 million in assets, of which $195 million is tax exempt.

We offer a quantitative equity approach for small- and mid-cap value stocks as well as core value and balanced management.

Jeanette Schreiber
Principal
Cedar Hill Associates Inc.
Chicago

The following profiles are from investment managers who completed questionnaires, yet were omitted inadvertently from the May 18 managers profile issue.

Cambiar Investors Inc.

8400 E. Prentice Ave., Suite 460,
Englewood, Colo. 80111; (303)
793-3939

	($ millions)
Total assets managed	487
Total tax-exempt assets	438
Discretionary tax-exempt	438
International equity, active	12
No. of portfolio managers	2
Size of research staff	4

Cambiar Investors Inc., an active equity manager, takes a bottom-up approach, emphasizing low p/e, growth and emerging growth stocks.

The asset mix Jan. 1 was 81% stocks and 19% cash.

The parent is United Asset Management.

Michael S. Barish is chief investment officer and client contact.

Daniel S. Kampel Associates

1 Liberty Plaza, New York, N.Y.
10006; (212) 346-6040

	($ millions)
Total assets managed	916
Total tax-exempt assets	909
Discretionary tax-exempt	907
No. of portfolio managers	3

Daniel S. Kampel Associates Inc. is an active equity, active bond, balanced and short-term manager.

The equity approach is top-down and bottom-up, emphasizing growth and employing sector rotation. Its fixed-income approach uses interest rate anticipation.

The asset mix Jan. 1 was 65% stocks, 27% bonds and 8% cash.

Daniel S. Kampel is chief investment officer and client contact.

Kirkpatrick, Pettis Management

10250 Regency Circle, Suite 200,
Omaha, Neb. 68132; (402)
392-7975

	($ millions)
Total assets managed	333
Total tax-exempt assets	233
Discretionary tax-exempt	233
401(k)/457 assets managed	100
No. of portfolio managers	5
Size of research staff	2

Kirkpatrick, Pettis Management is an active equity, active and passive bond, and balanced manager.

The equity approach is bottom-up and value oriented, emphasizing Graham & Dodd analysis. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 84% stocks, 11% bonds and 5% cash.

The parent is Mutual of Omaha Insurance.

Rodney Cerny is chief investment officer; W. Bruce Remington is client contact.

MPI Investment Management

105 E. First St., Hinsdale, Ill. 60521;
(708) 325-6900

	($ millions)
Total assets managed	180
Total tax-exempt assets	96
Discretionary tax-exempt	96
401(k)/457 assets managed	15
No. of portfolio managers	2

MPI Investment Management is an active equity, active and passive bond, and balanced manager.

The equity approach emphasizes growth and low p/e, and uses sector rotation. Its fixed-income approach uses yield curve analysis.

The asset mix Jan. 1 was 85% stocks and 15% cash.

Ashok Shende is chief investment officer; David W. Pequet is client contact.

NCM Capital Management Group Inc.

2 Mutual Plaza, 501 Willard St.,
Durham, N.C. 27707; (919)
688-0620

	($ millions)
Total assets managed	1,212
Total tax-exempt assets	1,211
Discretionary tax-exempt	1,189
No. of portfolio managers	6
Size of research staff	30

NCM Capital Management Group Inc. is an active equity, active bond and balanced manager.

The equity approach is bottom-up and emphasizes low p/e. Its fixed-income approach uses sector and yield curve analyses.

The asset mix Jan. 1 was 50% stocks, 47% bonds and 3% cash.

The parent is Sloan Financial Group Inc.

Maceo K. Sloan is chief investment officer; Justin F. Beckett is client contact.

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Pensions&Investments

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AT DEADLINE

Investors near bailout OK

The plan to bail out Mutual Benefit Life is expected to be finalized and filed in court this week. A group representing retirement savings plans holding Mutual Benefit contracts was working last week to iron out some differences in treatment between classes of contractholders.

IAI quits Minneapolis account

Investment Advisers, Minneapolis, has resigned as manager of a $12 million domestic, small-cap value equities fund for the Minneapolis Employees Retirement Fund.

James Hacking, executive director and CIO of the fund, said staffers had been concerned about the account's performance.

Cox to join NYNEX fund

Candace Cox, principal investment officer of the $45 billion New York City employees' fund, is joining NYNEX as managing director in charge of the pension fund's $12 billion in public market investments.

Fong going independent

Gifford Fong Associates, a leading developer of fixed-income investment management tools, is buying itself back from Prudential Insurance effective Aug. 3. The firm was acquired by Prudential in 1986.

First Reserve sets meetings

First Reserve Capital Management has scheduled three regional investor meetings to discuss the implications of a Houston jury's damage award against the firm.

Meetings have been scheduled

Continued on page 35

INSIDE

MICHAEL A. MARCOTTE

A new day dawns

Judy Mares has overseen some sweeping changes at Ameritech's pension fund, including the unwinding of its large dedicated bond portfolio and the de-emphasis on real estate and venture capital. Page 3.

Quality management hits funds

Bell Atlantic significantly increases passive investing, may cut managers

By Marlene Givant Star

PHILADELPHIA — Bell Atlantic Corp. is making significant shifts to passive management in both its $11.6 billion defined benefit and $2.5 billion savings plans as part of a companywide quality management program.

Also as a result of the program, Bell Atlantic made its first international commitment for the savings plan, and over time will reduce the defined benefit plan's number of money managers.

Under the direction of chief executive Raymond Smith, the quality management strategy, "The Bell Atlantic Way," is a set of agreements on how employees of the company will work together. It took hold at the pension fund level about a year ago.

Bell Atlantic's pension operation began its quality management strategy by "benchmarking," or comparing the fund's structure, processes and costs with that of peers. It then sought feedback from participants in its 401(k) plan and implemented other quality management processes.

Bell Atlantic

This ongoing exercise has resulted in a number of changes:

- The defined benefit plan is increasing, significantly, its passive exposure in large-capitalization equities, fixed-income and international investments.
- Pension executives are taking steps to eliminate the overlap of styles within asset classes and to increase manager efficiency in the defined benefit plan. "We're in the implementation process. Over time we will reduce the number of managers," said Thomas Cowhey, executive director-trust investments at Bell Atlantic.
- Bankers Trust Co., New York, was hired, effective May 1, to establish a managed participant service center, a toll-free telephone service through which 401(k) plan participants can access information and make transactions. New investment options for the savings plan were offered as of the same date to encourage use of the center.
- Investment options in the 401(k) plan were changed as follows: The diversified equity fund, which had been actively managed, became a Russell 3000 Index fund; an international gross domestic product-weighted index fund based on the Morgan Stanley Capital International Europe Australia Far East Index was added; a money market fund and a bond market fund replaced the short-term government bond fund; the guaranteed investment contract fund changed its name to an interest income fund and the guidelines for the fund were enhanced to permit investments in alternatives such as synthetic GICs. The Bell Atlantic shares fund remains unchanged.

The percentage of passive management for the defined benefit plan will be a function of the perceived opportunity to add value within each asset class and the cost of active vs. passive.

See **Passive** *on page 34*

Time Warner fails to mute protest

Police groups vow to wield proxy weapon

By Steve Hemmerick

Time Warner Inc. still faces serious corporate governance run-ins with pension funds even though the company honored Ice-T's request to pull "Cop Killer" from his "Body Count" album.

Public safety officials across the country are pushing their police pension funds and other public pension funds — with an estimated $1 trillion in assets — to unite behind them in a shareholder activism assault on Time Warner.

And other corporations might in the future feel the effects of the awakening to the power of proxies of police pension funds.

Until now, police pension funds have had little interest in corporate governance. Indeed, when the flap over "Cop Killer" began, police groups initially demanded their pension funds sell Time Warner stock, and some did. Only later did they seem to understand their best shot at affecting the company would come from being stockholders.

"Sell the stock and you are playing into Time Warner's hands," said Sam Diannitto, president of the $4.8 billion Los Angeles Fire & Police Retirement System.

Tom Scotto, a trustee of the $7 billion New York Police Department Pension Fund, at first wanted only to divest his fund's $50 million holdings in Time Warner stock and another $50 million in stock of companies, such as McDonald's Corp., that do deals with Time Warner.

But now, Mr. Scotto said, shareholder actions aimed at stopping Time Warner from producing "Cop Killer" and other offensive albums are necessary.

Mr. Scotto said he plans to suggest corporate governance actions to the 140,000-member National Association of Police Organizations.

Mr. Scotto is an executive vice president of NAPO, which meets later this month in Tampa.

If there is any information on Time Warner that can be used in a corporate governance action, Mr. Scotto, a New York detective, said his city's detectives will find it. "New York detectives are the best in the world," he boasted.

Public safety officials have been planning a shareholder battle for 1993 since their request to yank "Cop Killer" from distribution was rejected at the company's annual meeting last month.

Mr. Diannitto said he still intends to push Time Warner to adopt an ethics policy and, perhaps, to replace some directors. Removing the song from the

See **Protest** *on page 34*

AP/WIDE WORLD PHOTOS

The storm of protest touched off by Ice-T's "Cop Killer" continues to mount.

Alliances recast 401(k) plan competition

By Hillary Durgin

In what promises to be a head-to-head battle for the more than $300 billion 401(k) market, Hewitt Associates is allying with nine investment managers and a trustee to wrest market share from mutual fund moguls such as Fidelity Investments and Vanguard.

Hewitt's plan, which is not yet finalized, follows close on the heels of a similar arrangement forged by Hazlehurst & Associates Inc., Atlanta, a retirement services consulting firm, whose venture with eight mutual fund providers, an investment consultant and a trustee was up and running July 1.

The new alliances represent the second major evolution in the defined contribution plan arena following the explosive entry into the market in the late 1980s of the one-stop-shopping concept. Essentially, the alliances are offering an unbundled version of that approach.

"The longtime record keepers like the Hewitts, the Hazlehursts, the Wyatts and so on are all industry record keepers, and they are losing primarily to the Vanguards and the Fidelitys," said Gordon Snyder, senior vice president-institutional marketing and service, Twentieth Century Mutual Funds, Kansas City, Mo. Twentieth Century is participating in both the Hewitt and Hazlehurst ventures.

"They're being knocked off at the high end of the market," he said. "Clearly the target here is Fidelity."

By offsetting the high cost of record keeping with investment management fees, mutual fund players have provided record-keeping services at a significant discount to fees charged by consultants. In addition, the firms'

See **Alliances** *on page 19*

NEWS DIGEST

AP/WIDE WORLD PHOTOS

Spaniards — currently engrossed by the glory and pageantry of the Summer Olympics — have seen little change in the country's private pension system despite reform efforts enacted by the Socialist government five years ago. Page 6.

SPECIAL REPORTS: DEFINED CONTRIBUTION PLANS

Fidelity and Vanguard top the list of most frequently used providers of non-guaranteed investments to 401(k) plans, according to a *P&I* survey. Page 17.

Cummins Engine boosted participation in its newly restructured $300 million savings plan by making employees re-enroll. Page 17.

Participant education is drawing more importance, and more service providers. Page 17.

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Australian employers must pay at least 3% of pay to superannuation plans to cover all employees. Page 23.

African Development Bank bonds offer pension funds an investment presence on the African continent. Page 26.

U.K. rules governing disclosure of stakes in public companies have been eased. Page 30.

REAL ESTATE

A change in office space needs casts a shadow over future valuations for the properties. Page 3.

The Massachusetts employees and teachers fund committed $50 million to a mortgage program. Page 29.

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Mortgage-backeds dumped

Pre-payment rate spurs Ohio fund's $4.1 billion sale

By Barry B. Burr

COLUMBUS, Ohio — In one of the biggest sell-offs ever by a pension fund, the Ohio Public Employees Retirement System dumped its $4.1 billion portfolio of mortgage-backed securities over concern about the rapid pace of pre-payments and the expectation it would quicken.

Robert A. McLaughlin, investment officer, said the fund — which ranked as the fifth largest pension fund investor in mortgage-backed securities — sold the securities between mid-May and mid-June. The portfolio, which was managed internally, represented 16.1% of the $25.5 billion fund.

The Ohio fund made "substantial gains in the sale," Mr. McLaughlin said. "Mortgage-backed securities have done very well for us." Details were unavailable.

He said the Ohio fund used no derivatives or special trading techniques to sell the mortgage-backed securities through a number of broker/dealers. "The one that helped us the most was Bear Stearns," he added, referring to the New York-based investment bank.

"The sale had no impact" on the market, Mr. McLaughlin said.

The mortgage-backed market, which is more than $1.1 trillion, "could absorb that sale with no problem," agreed Lewis Ranieri, principal of Hyperion Capital Management Inc., New York, and a creator of the instrument.

In explaining the fund's move, Mr. McLaughlin said, "We look at total return" for the portfolio as opposed to yield. "With most mortgages selling at premiums, the pre-payment penalty is hard to swallow. It looks like people will continue to refinance" their mortgages. Mr. McLaughlin said the Ohio fund bought all long-term Treasury securities with the proceeds of the sale.

Mr. Ranieri, in commenting on the Ohio fund's move, said, "In light of what the market's done, (the sell off) was a rational move to make. On a performance basis it makes sense."

The market's "been very nervous," Mr. Ranieri added. Mortgage-backed securities with "coupons of 9% and above have been underperforming because of concern about pre-payments," especially in the past few weeks as long-term interest rates in general have declined.

Mortgage-backed rates, which now average about 7½% to 8%, averaged 8½% in the beginning of the year and more than 9% a year ago, he said.

Aside from falling rates, Mr. McLaughlin said bankers them-

See **Ohio** *on page 32*

Struggling over retiree health

Firms weigh costs, workers' security

By Joel Chernoff and Hillary Durgin

LTV Steel's agreement to back part of its retiree health obligation with up to $250 million in corporate liens was a key concession in getting its union to agree to health-care cost containment measures.

While the LTV situation is viewed as a unique solution and not likely to be copied by many companies, it still is emblematic of how old-line industrial companies are struggling to come to terms with their massive retiree medical costs while providing a measure of security to workers.

In other recent examples, companies that have emerged or are still mired in Chapter 11 of the Federal Bankruptcy Code are trying to come to grips with these staggering costs:

- Navistar International Corp., Chicago, is seeking court permission to lower its retiree health costs by $90 million a year. The United Auto Workers is opposing the move.
- Hanlin Group Inc., Linden, N.J., tried unsuccessfully to unilaterally lower its retiree medical costs, but a federal bankruptcy judge ruled the chemical company must negotiate reductions with its retirees.

When struggling to climb or stay out of Chapter 11, companies are more inclined to go to the mat with their unions in efforts to reduce such costs.

Meanwhile, unions "are looking to make sure the benefits are paid for and assets are set aside," said Michael Shone, president of Pierce Park Group, Wilmington, Del.

See **Health** *on page 31*

DOUGLAS KONKOL

LTV Steel's agreement with its union on retiree health care could be a starting point for other companies grappling with the issue.

Equitable Capital cuts top staff

By Anne Schwimmer

NEW YORK — Equitable Capital Management Corp. has let go its vice chairman; the heads of product development, pension marketing and systems; and a senior fixed-income portfolio manager.

David Downes, vice chairman; James Pappas, executive vice president head of the product development and management group; Joseph Briggs, executive vice president head of the pension and institutional markets group; Patrick Mellet, executive vice president and head of information systems; and Patricia Owens, senior vice president and a short-term fixed-income portfolio manager, all have been let go, sources said.

Separately, Zane Brown, formerly executive vice president and head of fixed-income, left the firm in February and since has joined Lord, Abbett & Co.

John Miller, Equitable Capital's president and chief executive, said the staff cuts are part of a downsizing of the firm's marketing and back-office operations.

He said most of the vacancies will probably remain unfilled. "Obviously, as we go down the road, if I identify the need for a powerful individual and we find a powerful individual we'll put the two together," Mr. Miller said.

"When I took over the job as CEO (in April), it gave me the opportunity to do with the organization as I thought best," Mr. Miller said. "The back office and support group and the marketing group is in a reorganization. It is being made more efficient.

"We're taking out some layers and cutting costs," he added.

Under the new structure, Frank Savage, chairman, is also in charge of global marketing, with Robert Coby, the new chief financial officer and treasurer, heading up systems, accounting and control. Mr. Miller will oversee the legal department.

"It's a very orderly, planned program. We're just in the middle of executing it. . . . In my judgment, we're doing the right thing," he said. He declined to say if further cuts could be expected.

See **Equitable** *on page 35*

Ameritech fund moves cautiously

Judy Mares makes her mark

By Curtis Vosti

CHICAGO — The $15 billion Ameritech Corp. pension fund has in the past two years been stamped by new leadership and a transformation seemingly as significant as its birth 10 years ago.

Gone are the days of the deal, when movie stars bent an ear, when the money was invested so fast and furiously the agreements reportedly piled up in boxes, and the press clippings paved the way for jobs on the sell side.

Instead, today's Ameritech takes a deep breath. In the two years since Judy Mares took over as chief investment officer on June 18, 1990, the fund is cautiously taking stock of itself — too cautiously, some say.

But Ms. Mares dismisses those critics, saying the fund can be more deliberate now that it is approaching 10 years old. Times have changed, the markets are not booming, so some investments may not make sense and have to be unwound. A deliberate plan of action will follow soon, now that key vacancies have been filled.

The important thing is that now it's *her* staff, she says. Her ways are different from those of Donald Phillips, whom she replaced.

Ms. Mares still bristles at the mention of her predecessor and former staff. There's a scared look from pension industry executives at the mention of Ms. Mares' name — after all, she controls $15 billion. Those who worked with her at Ameritech or as service providers get clammy when asked about their separation; current staff just clams up.

And while Ms. Mares isn't eager to talk of her accomplishments, or her personnel, the reticence belies Ameritech's activity in her tenure:

- In the past year, Ms. Mares has unwound the $2.4 billion dedicated bond portfolio that had been the centerpiece of the pension fund's portfolio strategy since 1984. The assets have been parceled out to Goldman Sachs Asset Management and Fidelity Investments for active management in what Ms. Mares calls a more structured approach.
- Though no new investments have been made, Ameritech's real estate portfolio has a far different tone from when she began. The portfolio reportedly took a $330 million writedown in 1991. Ms. Mares won't confirm or deny that, but says she took a "realistic" look at the portfolio and it did result in writedowns. The company valued the portfolio at $1.36 billion at the end of 1990, with an additional $352 million in future commitments.

The real estate staff has more than doubled, and there is a new director. Ms. Mares sued the former real estate director for alleged prohibited transactions, but then settled shortly thereafter without a word. No new investments have been made as old ones are getting the once-over and restructuring is the watchword.

- The fund is set to add balanced and equity options and otherwise restructure its $1.6 billion savings plans, as it takes a more proactive approach to the growing defined contribution assets, encouraging participant-directed investments.
- There's been an almost com plete turnover in the Ameritech pension staff, through early retirement, new jobs or mutual agreement. On Aug. 1, Ms. Mares got her third new boss in two years, and this month she is expected to fill the equity director's

See **Mares** *on page 33*

MICHAEL A. MARCOTTE

Judy Mares eliminated Ameritech's dedicated bonds and attacked the fund's real estate problems.

Legislators' benefits can exceed pay

By Christine Philip and Rodd Zolkos

Sixteen state senators and 14 state representatives would receive retirement benefits exceeding their annual salaries if they retire at the end of their current terms.

And in one state — Texas — the yearly pension benefit of Chet Brooks, the senior senate member, would exceed final salary by 660%, according to a survey by *Pensions & Investments* and its sister publication, City & State.

The survey covered years of service, salary, benefits and benefit formula for the senior members of each state's house and senate. Representatives' benefits often are boosted by additional pay for committee and leadership positions, and for per diem expense reimbursement for meeting outside regular sessions.

Oklahoma ranked first for state senate retirement benefits, with an annual benefit of $55,040 to Gene Stipe, the most senior member with 43 years, if he retires at the end of the 1992 term. With an annual salary of $32,000, the pension represents 172% of the senator's final salary.

Louisiana's senior senator, B.B. "Sixty" Rayburn, followed with $52,527 in annual compensation, 116% of a final salary of $45,463, for 44 years of service.

In Texas, Mr. Brooks' benefit is estimated to be $47,522, a whopping 660% of his annual salary of $7,200. He has served for 29 years.

Seven states — Alabama, Nebraska, New Hampshire, North Dakota, South Dakota, Vermont and Wyoming — do not offer legislators any retirement benefits.

Benefit payments are lower for state House of Representatives members. The top states ranked by annual benefits paid to the senior member of the House include Michigan, with a benefit of $45,967 to Dominic Jacobetti for 38 years of service at a final salary of $45,450.

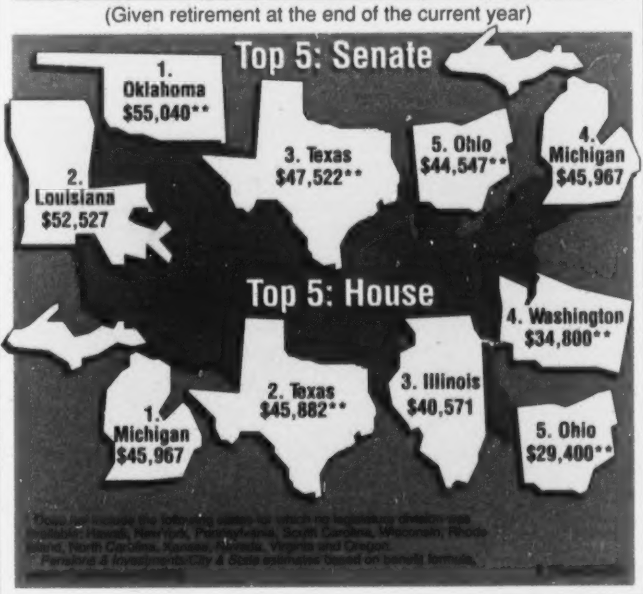
Texas' senior representative, Doyle Willis, would enjoy a benefit comparable to his senate counterpart — $45,882 for 28 years of service. That represents 637% of his final salary of $7,200. Illinois' senior House member, 34-year veteran E.J. Giorgi, would receive a benefit of $40,571, or 109% of the $37,230 final salary.

By contrast, senators in some states receive retirement benefits that are dramatically lower than their pay. California senators receive a salary of $63,000, but the most senior member — Ralph Dills — would receive an annual pension benefit of only $3,083, just 5% of final salary, for 35 years of service. Idaho's senior senator would have a benefit of

See **Pensions** *on page 35*

Top legislator pension benefits*

(Given retirement at the end of the current year)



*Does not include the following states for which no legislature division was available: Hawaii, New York, Pennsylvania, South Carolina, Wisconsin, Rhode Island, North Carolina, Kansas, Nevada, Virginia and Oregon.
** *Pensions & Investments/City & State estimates based on benefit formula.*

Secular changes dim outlook for offices

By Steve Hemmerick

LOS ANGELES — Continuing cutbacks among large employers, increasing sophistication of telecommunications and changes in how companies use office space have institutional investors worried about future estimated values of office buildings.

Investors see these trends as having long-term, unanticipated impacts on office space needs. Telecommunication devices like cellular telephones allow companies to move their base of operations outside of expensive central business districts where pension funds have heavily weighted their office investments.

Pension investors have been waiting for the office market to recover from overbuilding and the recession. Both are seen as lengthy but still relatively short-term troubles for the office market. But now some investors think pension funds have been underestimating secular problems in the office market, where they have invested an estimated $37 billion.

Hughes Aircraft Co. announced July 1 it will lay off 9,000 workers — many of them middle managers — in the next 18 months. Less noticed was Hughes' announcement it has 7 million square feet of unused or underused space — the equivalent of seven office skyscrapers or seven regional malls.

It is unlikely companies like Hughes, which has seen the number of employees drop to 60,000 before the July 1 announcement from 80,000 in 1986, will need that excess space anytime in the near future, pension real estate consultants believe.

Shortly before Hughes announced the cutback, Bill Messori, manager of real estate for Hughes, said his company is "trying everything" to get rid of unused space. Mr. Messori said Hughes executives, including Treasurer W. Allen Reed, have told him the excess space Hughes has is a large drain on Hughes' earnings.

While pension funds are trying to keep rents as high as possible, Mr. Messori said Hughes is subleasing space, much of it office space, at dirt cheap levels. "If we get 25 cents (on the dollar) back, we think it is better than getting nothing back," he said.

That kind of thinking has pension investors worried. Albert W. Kirschbaum, a senior vice president at Bechtel Investments Inc., which manages Bechtel Corp.'s $2 billion pension fund, said the outlook for office properties is dismal. Besides the surplus space, he said, the work force isn't growing and some companies are beginning to send office work offshore.

Mr. Kirschbaum said his fund has only 20% of its real estate allocation invested in office space, substantially less than the 37% held by the typical pension fund. He added Bechtel intends to reduce the size of the office component even further.

As recently as 1988, pension funds had 44% of their real estate assets invested in office proper-

See **Offices** *on page 32*

Fidelity wins 401(k) sweepstakes

By Michael J. Clowes

Fidelity Investments, The Vanguard Group Inc. and T. Rowe Price Associates Inc. are the three most commonly used providers of non-guaranteed investment vehicles to 401(k) plans, a *Pensions & Investments* survey shows.

Fidelity, Boston, was named 24 times as providing one or more investment options, the Vanguard Group, Valley Forge, Pa., was named 19 times, and T. Rowe Price, Baltimore, was named 11 times by the 118 sponsors responding to the survey. If a provider was named for more than one asset class, each counted as a separate mention.

Behind the three leaders were Bankers Trust Co., New York, with 10 mentions; Wells Fargo Nikko Investment Advisors, San Francisco, nine; and Twentieth Century Investors Inc., Kansas City, Mo., eight.

The most commonly named providers of guaranteed investment vehicles by the 100 401(k)-plan sponsors offering a GIC/BIC option were Prudential Insurance Co., Newark, N.J., with 15 mentions; and Travelers Insurance Co., Hartford, Conn.; Metropolitan Life Insurance Co., New York; and Provident National Assurance Co., Chattanooga, Tenn., each with 11 mentions.

Only 69 plan sponsors offered a basic active equity option, while 50 offered an index fund option, 18 offered some specialty equity option, 18 offered international or global equity options, and 11 offered a high-dividend equity option. Forty sponsors offered a balanced fund option.

Fidelity was identified most often as a provider of basic active equity investment options, being mentioned 37 times, with each separate fund being counted as a mention. Many sponsors provided more than one equity option.

For example, one 401(k) plan used Fidelity's Magellan fund and its Equity Income fund. Another used the Vanguard Windsor and Explorer funds.

Other plans used a variety of equity providers. One, for example, used Fidelity's Equity Income fund, Vanguard's Windsor fund and the Twentieth Century Growth fund.

Behind Fidelity in providing the basic equity options were Vanguard Group, with 27 mentions; Twentieth Century Investors, eight; Bankers Trust, eight; and T. Rowe Price, seven.

The top fixed-income option providers again were Fidelity, Vanguard and T. Rowe Price, followed by Bankers Trust, the Putnam Cos., Boston, and Wells Fargo, with three mentions each.

Only 27 sponsors offered an active bond option. The sponsors provided fewer fixed-income options than equity options — generally only one bond fund — for employees, possibly because most of them offered a GIC/BIC option.

While 23 sponsors said they administered their 401(k) plans internally, the most commonly used external providers of 401(k) administrative services were Fidelity and Hewitt Associates, Lincolnshire, Ill., both with 12 mentions.

The respondents reported their participants had invested 49.7% of their assets in the GIC/BIC option, on average, and 33.9% in company stock.

The respondents said a firm's performance record was the most important criterion in choosing investment option providers. On a scale of 1 to 10, with 10 being most important, the average rating for performance as a criterion was 8.6, followed by quality of the firm's personnel, 7.8, and the firm's reputation, 7.5. ■

Most used 401 (k) plan administrators

Firm	No. of mentions
Internal	23
Fidelity Investments	12
Hewitt Associates	12
Buck Consultants	4
William M. Mercer	4
State Street Bank	4
T. Rowe Price	4
Vanguard Group	4
Wyatt Co.	4

Most used providers of 401 (k) investment vehicles

Firm	No. of mentions*
Fidelity Investments	24
Vanguard Group	19
T. Rowe Price	11
Bankers Trust	10
Wells Fargo	9
20th Century Funds	8
State Street Bank	6
Putnam Cos.	5
Northern Trust	5

* Each mention for an asset class counts as one.
Source: Pensions & Investments

401(k) survey

		Average asset allocation
No. of respondents	118	
No. of separate plans	229	
Total assets	$68.8 billion	
Total participants	156,596	
No. offering GIC/BIC option	100	49.7%
No. offering money market fund	56	10.6
No. offering Treasuries fund	14	15.7
No. offering domestic equity fund	69	18.2
No. offering specialty equity fund	18	9.9
No. offering global equity fund	7	3.2
No. offering company stock option	75	33.9
No. offering index fund option	50	9.1
No. offering international equity fund	11	3.1
No. offering active bond fund	27	4.5
No. offering high-dividend stock fund	11	13.5
No. offering balanced fund option	40	16.7
No. offering other options	21	4.3

Source: Pensions & Investments
RICHARD CARTON

Cummins Engine has combined three savings plans into one, and boosted participation.

Cummins' fresh start gets results

By Curtis Vosti

COLUMBUS, Ind. — Cummins Engine Co. Inc. found a simple yet effective way to boost employee participation and understanding of the changes in its $300 million savings plan this year: it made everybody re-enroll.

The result is the firm now has one bundled-type savings plan with more investment options, flexibility, features and communications than the previous three separate plans almost had combined, according to Carol Smalley, director of pensions and investments for the diesel engine manufacturer.

A beneficial side effect is the company also has increased participation, with more dollars allocated to the plan and a greater percentage of those dollars going into equity investments.

"I view the process as a success," Ms. Smalley said. "Rather than default everyone into the new plan, we wanted people to make an active decision."

The concept, she explained, grew out of a long look in 1991 at the company's three separate savings plans. Like many companies with maturing defined contribution plans, Cummins saw burgeoning account balances, yet 17,000 participants with a majority of their investments in guaranteed products and fixed income.

Cummins' executives also saw three different administration and record-keeping systems and restricted investment options. An after-tax savings plan, established in the 1970s, only had a guaranteed investment contract option. A 401(k) established in 1985, only had the guaranteed fund and a balanced fund that was commingled with its now-$900 million defined benefit plan. A merger with Minneapolis-based Onan Corp. brought another 401(k) plan into the fold. All had different company match provisions.

"We were looking at adding to the investment options and we decided to take advantage of that to combine the plans," Ms. Smalley said.

The company went to what Ms. Smalley calls a bundled approach, although its trustee and investment manager, The Vanguard

See **Cummins** *on page 18*

Firms filling the void on plan education

By Curtis Vosti

Participant education in defined contribution plans has become so important the American Council on Education is recommending college credit for it.

That's no joke. Divisions of companies such as American Telephone & Telegraph Co., Apple Computer Inc. and BellSouth Corp. and the City of Miami have used education offered through the Cleveland-based Employee Benefit Education and Planning Service, according to Mel Albin, president of the company he began about four years ago. Employees who take these courses can earn college credit at the 100 and 300 level, according to the education council.

The classes are taught on-site at the company by two EBEPS teachers. The average teacher is an attorney, accountant or financial adviser, 47 years old, with 14 years of professional experience and between five and 10 years of teaching experience, according to Mr. Albin. The company has 260 teachers lined up around the country. Mr. Albin said some companies implement cost sharing among their employees, who are charged $295 for the 300-level class and $99 for the 100-level class, which just focuses on personal financial planning.

Close to 400 management and non-management employees for Southern Bell in central Florida went through the course, according to Larry Strickler, regional manager, who was so taken with the concept he is trying to get parent company BellSouth to market the program nationwide.

Mr. Strickler said the program can not only help the participant better understand defined contribution plans, but also can help the company save money.

The program also can be used by companies that are downsizing. He said when Southern Bell offered an early retirement window, six out of 26 management employees who were referred to the EBEPS program decided they could afford to retire, and took advantage of the opportunity.

Each of the program's courses has six three-hour sessions and are designed for up to 30 employees, with spouses encouraged to attend at no charge, according to Mr. Albin. He said because the courses are accredited by the ACOE, it helps company executives feel more secure they are staying within their fiduciary role.

"We are not advocating specific advice," Mr. Albin said. "We are educating."

And he is not alone. The focus on education of plan participants in defined contribution plans is sharpening with the maturing of 401(k) plans and the blossoming of some significant account balances. New firms are sprouting up and older ones are taking a new look.

Loomis, Sayles & Co. Inc. has teamed up with EBEPS as Loomis has moved into the 401(k) service area. By selecting EBEPS through Loomis, employers get a 20% discount.

The education comes in many forms — everything from quarterly newsletters to person-to-person sessions to computer software to videos — and in doing so, forces a change in the way sponsors approach the business of communicating with plan participants.

"The world has changed," said Lisa Hoene, president of employee education at IDS Institutional Marketing, Minneapolis. "We have changed our focus from communications services to helping people make intelligent decisions," she said. "It used to be on participation, but now it's on what are they going to do with all this money."

IDS has more than 200 financial planners across the country that feed into IDS' services and help train the trainers at client companies, Ms. Hoene said. The aim is to help employees better understand retirement needs through increased savings and better allocation of investments, she said.

At a recent new client, McCarthy Building Co., St. Louis, participation in the $15 million defined contribution plan increased to 87.3% from 80.6% after the sessions with the IDS staff, according to Jim Faust, McCarthy vice president of information services and human resources.

The employee education was done in conjunction with a switch of investment options and an easing of the restrictive nature of the company profit-sharing investments and match for employee contributions, which previously went into a so-called stable fixed-income fund, he said.

But with the overall effort from IDS, he said, participants directed 34.5% of their assets, including the company match and profit sharing, to equity options, 42.2% to bond and balanced accounts and 23.3% to stable income.

More importantly, he said, 44.7% increased their contributions, which allowed the company to raise allowable contributions from highly compensated individuals to 10%. Additionally, he said, the education helped new enrollees understand the benefits of

See **Void** *on page 18*

Void

Continued from page 17

saving in the plan, and they put aside an average of 6% of earnings into their new accounts, far higher than earlier averages.

Mr. Faust gives a large share of the credit to the toll-free lines established to answer employee questions. It's sort of like a continuing education program and is getting "rave reviews," he said.

Other firms also are sprucing up their 401(k) education efforts as they recognize, as did IDS, that the world has changed.

John Wentzel, vice president for retirement and investment services for State Mutual Life Assurance Co., Worcester, Mass., said the firm has just developed a new 401(k) communication package to better serve its clients by helping them pass non-discrimination tests.

"You've got to get to the rank-and-file employees," he said. "They are crazy for information on how much to save and how to figure that out."

As such, the company has developed its own prototype of the savings calculator, with which employees can plot expected needs and earnings and get recommended savings rates.

401(k) Ventures, Palo Alto, Calif., is a new education firm that will conduct employee seminars and produce handouts, covering investment goal setting and strategies, asset allocation, risk concepts, how to read a prospectus, fund expenses and definitions of beta, turnover and other terms, according to President Brian E. Schaefer, who left Bailard Biehl & Kaiser earlier this year to start the firm.

ASK Computer Systems Inc., Mountain View, Calif., hired 401(k) Ventures to conduct continuing education programs for employees about participating and investing in the company's $20 million 401(k) plan, said Gloria Simon, administrator.

"It was an area that needed a lot of attention," she said.

ASK Computer's 401(k) plan has 95% participation among its more than 1,200 employees, she said. "We want (employees) to take responsibility for decision-making," she said. "Our purpose is to empower them so . . . they build confidence. We want to take the mystique out of investing."

That mystique can be best challenged through what consulting firm Noble Lowndes calls "the theory of progressive disclosure."

According to Holly Smith Billy a Noble Lowndes senior communications consultant in Newtown, Pa., this theory states the greater emphasis on investment education is best assimilated through breaking the information into "manageable, bite-size portions using a multimedia approach so that the participants can understand the message through the medium that best serves them.

"We have less emphasis on how the plan works and more on the opportunities for long-term compounding of interest," Ms. Smith Billy said. ■

Pensions & Investments' annual master trust/global custody directory will be published Oct. 12.

Cummins

Continued from page 17

Group Inc., is separate from its record keeper, Kwasha Lipton.

The two firms work together, with Kwasha acting as a go-between between the company and Vanguard. "We take the lead role," said Jeff Croyle, a Kwasha Lipton partner who worked on the arrangement. "We've eliminated a great deal of paperwork that used to loop through Cummins."

The result is the firm was able to save a bundle on the record keeping, while consolidating the plans. Additional investment options and phone information services didn't increase plan costs.

Effective Jan. 1, participants have five investment options: fixed income, balanced, stock index, growth stock and company stock funds. They also have monthly valuations and monthly switching.

But the best part, according to Ms. Smalley, is the savings plan is better structured and participants are using it better.

"The people who are contributing are contributing more to this plan," she said, noting a 20% increase. In addition, only 59% of the assets are in guaranteed products. Before, largely because of plan design, about 85% of assets were in guaranteed products.

She gives great credit to the phone systems, through both Vanguard and Kwasha, which give participants access to both fund information and their own account balances. The result is a structure and motivated participant population that sets the fund well for the future.

"Technology can be pretty scary to a lot of people," she said. "Five years ago we were in transition. The appetite for all this wasn't there." ■

Importance of criteria for selection of investment services providers

	Average rating*
Performance	8.6
Quality of personnel	7.8
Reputation of firm	7.5
Fees	[illegible]
Administrative package	4.8
Range of funds	[illegible]

* 10=most important; 1=least important
Source: Pensions & Investments

Most used providers of GICs/BICs

Firm	No. of mentions*
Prudential Insurance	15
Travelers Insurance	11
Metropolitan Life	11
Provident National	11
The Principal	9
John Hancock	9
Aetna	8
T. Rowe Price	8
CNA	7
Fidelity Investments	7
Hartford Life	7
New York Life	7
Bankers Trust	6
Vanguard Group	[illegible]
Allstate Life	5
[illegible]	[illegible]

* Many sponsors use more than one provider
Source: Pensions & Investments

ON BUILDING 401(k) PARTICIPATION

Gail: "If you don't join the plan, you're throwing away a bonus every year."

What do veteran 401(k) sponsors say about building participation in a plan? What can you learn from issues they faced, problems they solved, and experiences they shared? Scudder recently held a "401(k) Roundtable" to discover some of the answers.

How do you encourage participation?

Gail: I do a slide presentation on the actual implications of our plan and the operations of it. The ramifications of how it affects net pay, the tax effect it is going to have. It encourages people to sign up.

Ford: Our stance on it has been to encourage people to carefully review the information and to provide them with enough information so they can make an intelligent choice.

What sort of information?

Lynda: It's important for our employees to realize that if they're going to participate in a 401(k) they have to go into it with the understanding that this money is for their retirement . . .

Gail: It's a long-term investment. And that has to be conveyed, particularly to new participants.

Ford: You want people to go in with their eyes open. You really want them to understand.

Meet Gail Reilly of Lancer Insurance Company, R. Ford Hutchinson of Combe, Inc., Lynda Sacharov of Richards & O'Neil, and Leonard Hirsh of Ernst & Young.

What first attracts new entrants to your plan?

Ford: I think the most important reason that persuades people to join is the fact that the company contributes. There is a tax advantage.

Gail: I start every presentation with, "If you *don't* join the plan you're throwing away a bonus every year."

Ford: Even if the company doesn't contribute—a 401(k) plan can be presented and "sold" as a benefit.

What role does the investment mix play?

Ford: A good plan should have an array of investment options, from conservative to aggressive, to give participants a complete choice. Because if you don't have a spectrum, you're not going to really be addressing everyone's need.

What's the "ideal" number of investments?

Gail: We have three investment options

Ford: I think the more choices you have the more difficult it is to explain.

What determines which investments you offer?

Ford: Our participants. There will be some, perhaps those who are younger, who want to invest in more aggressive things. Of course, you also want to provide the means for them to move their money into more conservative things as they reach an older age.

Leonard: Most investment firms offer comparable funds. There might be a fraction of a percent difference as far as the returns go. So the lower the fees, the more competitive the vendor.

What's the bottom-line?

Ford: There's a lot out there. Find a vendor that gives you a full array of funds and has a proven track record.

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Alliances

Continued from page 1

focus on individuals through their retail business and their daily (rather than monthly) valuations have given mutual funds an edge in the institutional market.

By teaming up with other mutual fund players, Hazlehurst, Hewitt and others will offer record keeping at competitive prices. Essentially, these alliances will be providing participants with the ability to make daily transfers among funds and receive daily valuations.

And by offering not only a broad array of investment services but also superior consulting and compliance resources, these firms say the combination of lower costs plus the ability to provide greater flexibility will enable them to regain the lucrative 401(k) market share they lost — and more.

"The major consulting and record-keeping firms are in the process of offering a substantially different product in the next several years," said Richard Pallan, senior managing director at The Putnam Cos., Boston. "They will be attempting to emulate bundled services." Putnam expects to participate in the Hewitt alliance subject to final completion of the contract.

The new alliances are giving plan sponsors more choices.

At The Blue Cross Blue Shield Association, Chicago, where $250 million in 401(k) plan assets from 25 individual Blue Cross Blue Shield organizations is administered, cost and flexibility are two factors driving their search for a new 401(k) manager.

"What we're trying to get is the daily pricing that you have in the mutual funds, but the fee structure of the commingled funds" the plan had been using, said Ron Schmitz, director of benefit financing.

Currently the association uses IDS, Minneapolis, but found as it switched out of commingled funds into mutual funds, the association lost its size advantage. The commingled fund fees were based on the aggregate 401(k) assets. The mutual fund fees were based on the individual plans' sizes.

Mr. Schmitz said under the new

See **Alliances** *on page 21*

Most used providers of...

401 (k) equity investments

Firm	No. of mentions*
Fidelity Investments	37
Vanguard Group	27
20th Century Funds	8
Bankers Trust	8
T. Rowe Price	7

401 (k) fixed-income investments

Firm	No. of mentions*
Fidelity Investments	6
Vanguard Group	6
T. Rowe Price	5
Bankers Trust	3
Putnam	3
Wells Fargo	3

401 (k) international investments

Firm	No. of mentions*
T. Rowe Price	6
Vanguard Group	4
Bankers Trust	2
[illegible]	[illegible]

Money market investments

Firm	No. of mentions*
Fidelity Investments	9
Vanguard Group	8
T. Rowe Price	6
Northern Trust	5

* Where more than one fund is used, each fund counts as a separate mention. [illegible]

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Pensions

Continued from page 3

just $3,780, based on a final salary of $12,000 and 18 years service.

For state houses, West Virginia ranks lowest in providing a retirement benefit — Ernest Moore, the senior member with 20 years under his belt, would receive only $2,600, on a salary of $6,500. California's senior House member — Willie L. Brown Jr. — would receive a benefit of just $3,192, for 28 years of experience, with a final salary of $63,000. Idaho's senior House member, Harold W. Reid, would receive a $3,360 benefit for 18 years of service, based on a final salary of $12,000.

When annual benefit is compared to final salary, Jim Bruce, the senior member in the Kentucky House, gets 278% of final salary, and his counterpart in the senate, Pat McCuiston, will get a benefit 242% of final salary.

Mississippi's senior senator, Robert Crook, would get a benefit of 220% of final salary; Arkansas Sen. William N. Moore would receive a benefit equal to 218%.

A legislator's salary does not always indicate pension rewards. New York legislators are well-paid at $57,500 — second only to California, but like California, the retirement benefit falls short — only 33% of salary. New York's figures were obtained from the National Council of State Legislatures, which does not break down the data between the two houses.

But the states' benefits pale in comparison with those garnered by federal representatives.

According to data provided by the National Tax Payers' Union, Washington, if the senior member of the U.S. House of Representatives, Jamie Whitten, D-Miss., were to retire at the end of 1992, his benefit would be $93,510 with 41 years of experience and a final salary of $129,500. That's equivalent to 72.2% of his salary.

The data also show that with 40 years of experience, the senior member of the U.S. Senate, Strom Thurmond, R-S.C., would receive a pension of $108,094, or 83.5% of final pay of $129,500.

The average gross pension of a U.S. worker, exclusive of Social Security, provides 52% of retirement income requirements, according to Noble Lowndes, Newtown, Pa.

The *P&I*/City & State ranking compared state by state the annual pension benefit for the senior member of the House and Senate if he or she were to retire at the end of the 1992 term. Factors determining annual compensation usually were a combination of an average of the final highest salaries for three or five years, the years of service, and a pre-determined benefit formula, generally between 2% and 5%.

Where the state did not provide the dollar benefit, the data were estimated. Estimates excluded additional compensation for leadership or committee service. Statistics from the Denver office of the National Conference of State Legislatures were used for states not responding to the survey or lacking sufficient information. ■

Pension Survey

State	HOUSE Annual salary	Years served	Benefits if retired at end of term	SENATE Annual salary	Years served	Benefits if retired at end of term
Alabama		No pension			No pension	
Alaska	$24,012	16	8,400	24,012	29	35,100
Arizona	15,000	43	12,000	15,000	27	12,000
Arkansas	NA	36	17,280	7,500	34	16,320
California	63,000	28	3,192	52,500	35	3,083
Colorado	17,500	14	6,125 **	17,500	32	16,000 **
Connecticut	18,200	30	10,920	20,620	26	10,722
Delaware	34,622	22	11,388	35,718	28	14,700
Florida	22,600	22	14,983	22,600	22	15,364
Georgia	10,510	36	12,096 **	10,510	44	14,784 **
Hawaii*	27,000	20	39,150	27,000	20	39,150
Idaho	12,000	16	3,360 **†	12,000	18	3,780 ***
Illinois	37,230	34	40,571	37,230	37	36,746
Indiana	11,600	27	11,600	11,600	32	11,600
Iowa	18,100	27	9,122	18,100	26	9,355
Kansas*	21,948	20	6,144	21,948	20	6,144
Kentucky	9,900	29	27,500	11,385	27	27,500
Louisiana	16,800	24	27,767	45,463	48	52,527
Maine	11,250	28	8,456 **	11,250	18	6,642 **
Maryland	27,000	45	16,200	27,000	45	16,200
Massachusetts	30,000	20	25,000	30,000	20	25,000
Michigan	45,450	38	45,967	45,450	38	45,967
Minnesota	30,379	28	25,848	30,379	26	24,492
Mississippi	10,000	25	19,400	10,000	29	22,000
Missouri	22,860	32	24,960	22,860	24	18,720
Montana	14,755	33	8,520	14,775	13	5,520
Nebraska		No pension			No pension	
Nevada*	3,900	20	6,000	3,900	20	6,000
New Hampshire		No pension			No pension	
New Jersey	35,000	21	22,050 **	35,000	25	26,250 **
New Mexico	$75/day	23	5,750	$75/day	21	5,250
New York*	57,500	20	19,092	57,500	20	19,092
North Carolina*	12,504	20	9,384	12,504	20	9,384
North Dakota		No pension			No pension	
Ohio	42,426	33	29,400 **	42,426	42	44,547 **
Oklahoma	32,000	22	28,160 **	32,000	43	55,040 **
Oregon*	11,868	20	4,752	11,868	20	4,752
Pennsylvania*	47,000	20	18,780	47,000	20	18,780
Rhode Island*	300	20	12,000	300	20	12,000
South Carolina*	13,600	20	16,176	13,600	20	16,176
South Dakota		No pension			No pension	
Tennessee	16,500	26	21,840	16,500	28	23,520
Texas	7,200	28	45,882 **	7,200	29	47,522 **
Utah	$65/day	19	4,560	$65/day	39	9,360
Vermont		No pension			No pension	
Virginia*	18,000	20	5,544	18,000	20	5,544
Washington	23,200	50	34,800 **	23,200	27	18,792 **
West Virginia	6,500	20	2,600 **	6,500	28	6,720 **
Wisconsin*	33,622	20	13,536	33,622	20	13,536
Wyoming		No pension			No pension	

* Jan. 15, 1991, data provided by the National Conference of State Legislatures, which does not provide a distinction between House and Senate benefits.

** Pensions & Investments/City & State estimate based on benefit formula, years of service and salary.

† Effective Oct. 1, 1992

C. ROY

Equitable

Continued from page 2

Others, however, see more to the cuts than just cost cutting.

To some, this broad departure of top Equitable Capital staffers comes too soon after Groupe Axa S.A.'s acquisition of 49% of the Equitable Life Assurance Society of the United States, the parent company, to be pure coincidence.

Indeed, Messrs. Downes, Pappas and Briggs were three of seven top Equitable Capital employees who received promotions just a few weeks ago.

According to Mr. Miller, however, the Axa acquisition had nothing to do with the changes. Rather, it took him a few months in his new job to learn what organizational changes needed to be made. "I had the opportunity after being in the job for a few months to make (the firm) more efficient and more powerful."

One of Equitable Capital's fixed-income clients, the New York State & Local Retirement Systems, has seen little change as far as its dealings with the firm are concerned.

"Brian Wruble's leaving (in April) was certainly an event, but John Miller was largely running Equitable for the last year," a spokeswoman for the pension fund said. "The turnover doesn't affect us that much. Essentially, the people who run our money are the same." Mr. Miller replaced Mr. Wruble, who left to become president of Delaware Management Holdings Inc.

Mr. Miller said the staff cuts were instituted on his initiative, but one former Equitable employee suggested they might indicate Axa's disinterest in Equitable's outside money management business.

Another source agreed. "The reality is, from Axa's perspective, do you need four" units with investment management functions, he said. Those four arms are Equitable Capital, Equitable Real Estate Investment Management Inc., Alliance Capital Management L.P. and Donaldson, Lufkin & Jenrette. DLJ is a Wall Street broker/dealer, but it also makes merchant banking and venture capital investments on behalf of institutional investors.

One source noted the departures seem to be centered around people involved in outside marketing, possibly indicating Axa intends to focus only on internal management and to get out of the investment management business entirely.

Mr. Miller said this is not the case. "I intend to have a very powerful marketing organization," he said. "Marketing now reports to Frank Savage, so that elevates it to a very high level in our mind."

According to one source, rumors are rampant at Equitable that its equity management side will be spun off into Alliance, which is 55% controlled by Equitable Life and 45% publicly owned. But that is denied by firm officials. "Some people have an interest in spreading as much disinformation as possible," said an Equitable Capital spokesman. ■

AT DEADLINE

Continued from page 1

with First Reserve limited partners for Aug. 4 in New York, Aug. 6 in San Francisco and Aug. 11 in Minneapolis.

Republic Auto Parts hires 5

The $10 million Republic Automotive Parts plan hired five managers. Equity managers hired were: Nicholas-Applegate, $3 million, core growth; Gardner Lewis, $2 million, small-cap growth; and Gramercy Capital, $2 million, concentrated value. Fixed-income managers hired were: Garner Asset Management, for $2 million in core value, and Cincinnati Asset Management for $1 million in special situations.

All assets had been with one, unidentified manager, which was terminated. IMES Consulting Group assisted in the search.

Verni goes to State Street

Ralph F. Verni will become chairman and chief executive officer of State Street Research & Management effective Aug. 10. He was president and CEO of The New England Investment Cos.

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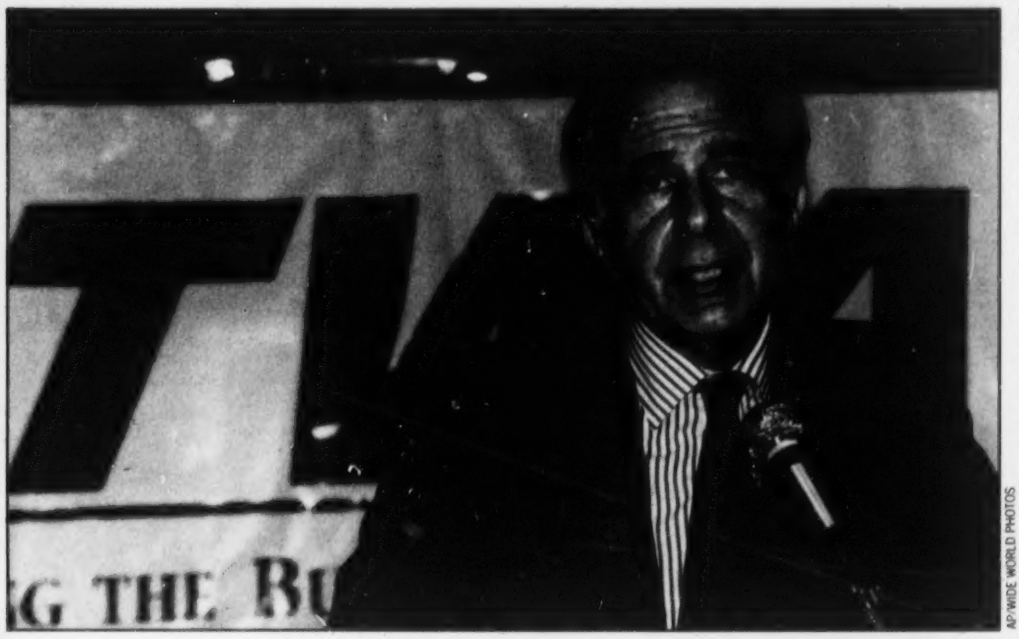
U.S. pension agency blocks TWA deal



AP/WIDE WORLD PHOTOS

Carl Icahn is fighting a war of wills with the federal pension agency over TWA's pension liabilities.

By Joel Chernoff

The Pension Benefit Guaranty Corp. is blocking Carl Icahn's emergency exit as he tries to bail out of TWA, but one union is committed to reorganizing the airline with or without the PBGC.

While PBGC officials press Mr. Icahn to pump more money and collateral into Trans World Airlines Inc.'s two underfunded pension plans, his attorney says TWA has agreed to the PBGC's original demands. Agency threats to terminate the plans actually would leave the PBGC worse off than striking a deal, and would throw 30,000 employees out of work if the company collapses, the attorney said.

Meanwhile, a financial adviser to TWA's machinists' union warns the proposed reorganization of TWA will proceed "with or without" the PBGC.

"The PBGC can get crammed down like any other creditor," said Brian Freeman, president of Freeman Enterprises Inc., Roseland, N.J. (A creditor is crammed down, or forced to participate, if two-thirds of a company's creditors agree on a restructuring.)

It's not clear how long the war of wills will last, but with TWA losing more than $1 million a day, it can't go on too long. On Aug. 12, the U.S. Bankruptcy Court in Wilmington, Del., granted TWA a 60-day extension to have the exclusive right to formulate a plan of reorganization. TWA filed Jan. 31 for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

The airline and its unions and creditors are in discussions designed to take the airline out of Chapter 11. Current plans call for wiping out Mr. Icahn's 90% ownership stake, giving employees 45% of the company stock in return for $200 million in concessions and giving creditors the balance of the stock in exchange for wiping out $1 billion in debt. Meanwhile, Mr. Icahn would give up $200 million in bonds — now worth between $5 million and $10 million — while infusing $150 million in working capital into the airline in the form of a secured loan.

See **TWA** *on page 35*

AT DEADLINE

Kansas slashes fees

The $4.5 billion Kansas Public Employees Retirement System hired Boston Safe Deposit and Trust as master custodian, drastically reducing its annual custodial fees, said Elizabeth B.A. Miller, investment officer.

Boston Safe replaces both domestic custodian Commerce Bank of Topeka and global custodian Bankers Trust.

The fund will pay Boston Safe $595,000. In contrast, in its fiscal year ended June 30 it paid Commerce Bank $750,000 and Bankers Trust $720,000.

William M. Mercer assisted in the hiring.

Funding bill introduced

Employers would be required to fund or put up collateral for at least 90% of their current benefits before being permitted to promise benefit hikes under a bill introduced in the House and Senate.

The bill also would require certain plans to contribute at least as much as they pay out each year.

Property auction stalls

More than half the real estate in the first auction to include pension fund-owned properties didn't sell at suggested prices.

Of 62 properties, auctioneers could not get bids on 28; another 26 had bids below the minimum prices, and were sold subject to confirmation with the sellers. Total sales were $185 million.

Pension fund properties represented about half of the

Continued on page 32

Pension portability high on GOP's list

By Fred Williams

HOUSTON — Pension portability, incentives for non-traditional investments by pension funds and health-care reform are likely to be considered by the Republicans at their convention this week.

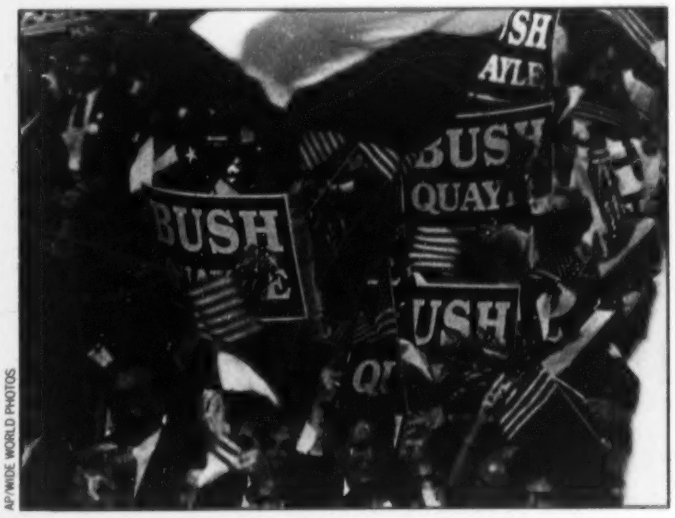
While short on specific proposals, some Republican policymakers believe the party platform committee will at least consider these areas.

Unlike the Democrats, the GOP platform committee did not come to Houston with an advance draft of the party platform. Instead, they began deliberations last week.

The 1988 Republican Party platform contained only passing reference to pension issues while taking a shot at Democratic presidential nominee Michael Dukakis. The platform statement urged public officials at all levels to "safeguard the integrity of public and private pension funds against raiding by anyone in labor, business, or government, such as in Massachusetts where the current Democrat governor has raided $29 million from the state pension reserves to fund his enormous deficit in the state budget." Since then, however, California Republican Gov. Pete Wilson has tried to use public pension fund assets

See **GOP** *on page 33*

AP/WIDE WORLD PHOTOS



Delegates to the Republican Party's convention in Houston this week will consider pension portability and health-care reform.

Funds field plan to keep Giants in 'Frisco

By Christine Philip

SAN FRANCISCO — Some union pension funds might lend as much as $200 million to help build a new baseball stadium for the Giants, in an effort to keep the team in the Bay area.

The unions' proposal, however, might be too late. Team owner Bob Lurie repeatedly has tried to secure public financing for a new stadium. In addition, under the terms of the proposed sale agreement, announced Aug. 7, Mr. Lurie can't negotiate with other bidders for four weeks.

The pension funds of most of the unions in the San Francisco Building and Construction Trades Council, which is spearheading the effort, are likely to participate in the financing package. Included are unions representing electrical and sheetmetal workers, plumbers, pipefitters, carpenters and glazers.

Other unions, such as those representing the service trades, culinary arts, janitors and maintenance engineers, have expressed an interest in financing the project, said Larry Mazzola, president of the council. He added the San Francisco City & County Employees' Retirement System and the California Public Employees' Retirement System, Sacramento, also might be contacted.

"This proposal has been on our minds for several years," Mr. Mazzola said. "We have proposed the funding of this project from union pension fund assets because we are trying to get a stadium built in order to keep the Giants in San Francisco and to make this a better sports town."

Details of the financing have yet to be determined. The union proposal includes construction financing for a new baseball stadium and a multipurpose sports arena.

See **Giants** *on page 33*

NEWS DIGEST

AP/WIDE WORLD PHOTOS

Renowned investor Warren Buffett has analysts and portfolio managers puzzled over his recent acquisition of a 15% stake in General Dynamics. Page 26.

The Department of Labor sues the head of Charter Medical Corp., his relatives and a bank trustee for allegedly overcharging the company's ESOP. Page 4.

Ameritech Corp.'s former director of equities sues the company for allegedly violating a secret pact it signed with him a month before his retirement. Page 6.

Franklin Resources is paying a good penny to acquire Templeton's mutual fund operation. Page 24.

A group led by Irwin Jacobs, the well-known corporate raider, has closed a $500 million fund that promises to make only friendly acquisitions. Page 33.

SPECIAL REPORT: PIPER

Energy stock managers take top honors among domestic equity managers in the second quarter. Page 15.

FINANCING

Nine financial institutions want to be exempt from federal laws that restrict them from dealing directly with pension funds in swap transactions. Page 2.

INTERNATIONAL

U.K. retailer Marks & Spencer is moving 80% of its fund assets into passive management. Page 27.

REAL ESTATE

Timberland funds continue to champion commingled real estate returns, but not many new dollars are going in that direction. Page 16.

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INVESCO MIM chief out

Importance of U.S. arm shows in corporate shake-up

By Norma Cohen

LONDON — The phased departure of Lord Stevens of Ludgate from the helm of U.K.-based INVESCO MIM PLC has been some time in the making, according to executives and directors of the company.

The company announced July 28 that Lord Stevens would step down as chief executive of the company he helped create. He is being replaced by Charles Brady, deputy chairman and head of the company's U.S. operations.

In April, Lord Stevens also will retire as chairman, thus ending an era at a firm that once was one of the most aggressive money management firms in Britain.

Lord Stevens' close association with the late Robert Maxwell, a well-publicized fine for sloppy administration of personal equity plans and the disastrous investments of an INVESCO MIM investment trust, Drayton Consolidated, harmed the company's image.

But individuals familiar with the firm say ultimately it was INVESCO's shifting business focus that meant Lord Stevens' management style and focus no were longer appropriate.

Worldwide, INVESCO MIM has more than 30 billion pounds (about $58 billion) under management, less than a third of which is in the United Kingdom. For the year ended Dec. 31, U.S. operations contributed 25.4 million pounds (about $49 million) to operating profits; U.K. and other international operations contributed 2.9 million pounds (about $5.6 million). Profits were undermined by the 13 million pound ($25 million) charge the company was forced to make for disastrous investments by Drayton Consolidated, of which Lord Stevens was chairman.

"What underlies all this is a change in management style, which is overdue," said one senior INVESCO executive. Lord Stevens' hands-on approach meant he was involved in the daily decisions of the company, a number of which have proved highly damaging. His hands-on role was diminished with the appointment Mr. Brady.

INVESCO MIM executives and directors said they put pressure on Lord Stevens, who is 56, to retire. A financier close to the chairman, however, said Lord Stevens himself initiated discussions about reducing the burden of his responsibilities at the group almost six months ago. The proposal is said to have been recorded in minutes of an INVESCO MIM board meeting.

At the time, the group had been advised its U.S. operations were worth about 238 million pounds ($430 million), more than the value put on the group as a whole by its stock market price.

In January, INVESCO MIM in great secrecy began work to sepa-

See **Shake-up** *on page 33*

States' pension grabs fought

CalPERS appeals; N.Y. system wins

By Steve Hemmerick and Anne Schwimmer

Trustees of the $67 billion California Public Employees' Retirement System will ask the U.S. Supreme Court to overturn a state appeals court ruling allowing the governor and Legislature to take $2 billion from the pension fund to balance the budget.

In a similar case in New York, a State Supreme Court has ruled unconstitutional actuarial changes instituted by the state Legislature to the $50 billion State and Local Retirement Systems. Officials in Gov. Mario Cuomo's office said they will appeal.

State and local governments nationwide increasingly are targeting public pension funds as a last resort to balance their budgets in tough recessionary times.

Jake Petrosino, a trustee for the California retirement system, said a majority of the fund's trustees decided in a closed-door meeting July 22 that the the appeals court decision "represents bad law. We just couldn't let this stand."

Fund trustees acted in spite of a decision by a coalition of employee unions not to appeal the ruling, said Mr. Petrosino. The coalition originally had filed the lawsuit against the governor and Legislature. Mr. Petrosino said he doesn't know why the unions decided not to pursue the lawsuit.

TOM REED

New York Comptroller Edward V. Regan hailed the ruling against actuarial changes.

Of the $2 billion taken from the California employees fund, $640 million went to the state, with the rest distributed to local governments that contract with the fund for retirement services, he said.

California currently faces an $11 billion deficit. The state took the money last year to help balance a then $14 billion deficit, but economic troubles continue to plague the state, which has been paying its bills with IOUs.

Last April, the 3rd District Court of Appeals in Sacramento denied the employee coalition's petition to invalidate newly drafted state law permitting the governor and Legislature to take the $2 billion and effectively set the assumed rate of interest for the California employees system. The assumed interest rate previously was set by the trustees.

The California Supreme Court subsequently decided not to hear an appeal of the decision.

See **States** *on page 31*

9 firms seek swaps exemption

By Hillary Durgin

WASHINGTON — Nine major financial institutions want to be exempt from federal laws that restrict them from dealing directly with pension funds in swap transactions.

If the Department of Labor approves the exemption, yet another barrier would be lifted for pension funds wanting to deal in the nearly $4 trillion market.

A significant hurdle was cleared last month, when the Internal Revenue Service released final rules clarifying the income pension funds receive on swaps is not taxable.

Dealers in the swap arena lauded the IRS action because it applies to income from all forms of swap transactions, also known as notional principal contracts. The IRS rule affects commodity and equity-index swaps, not just interest rate swaps and currency swaps as proposed last year.

"I think that will be a significant event in terms of pension plans seriously considering entering swap transactions," said Tony Baker, vice president, SEI Capital Resources, Wayne, Pa. "The lifting of the UBIT (unrelated business income tax) was a global issue. It was an issue affecting all tax-exempt investors in the U.S."

Swaps, which typically are used to lower borrowing costs or hedge risk, have been explored by few pension funds.

Nine firms filed letters with the Labor Department seeking exemptions that essentially would permit pension funds to deal directly with the swap dealers in swap transactions, rather than go through a qualified professional asset manager, or QPAM. The exemptions could increase funds' flexibility and lower their transaction costs, dealers said.

The firms are: Bankers Trust Co.; The Chase Manhattan Bank; The Goldman Sachs Group L.P.; Merrill Lynch and Co. Inc.; Morgan Stanley & Co.; The New England Mutual Life Insurance Co.; Salomon Brothers Inc.; Shearson Lehman Brothers Holding Inc.;

See **Swaps** *on page 32*

REAL ESTATE

Methodist fund executive lauded for housing efforts

F. Gale Whitson-Schmidt receives her award from Chicago Mayor Richard M. Daley and other Chicago Equity Fund supporters.

■ F. Gale Whitson-Schmidt, treasurer and chief financial officer of the $4.5 billion General Board of Pensions of the United Methodist Church, Evanston, Ill., was awarded the 1991-'92 Brick and Mortar Award by the Chicago Equity Fund.

"We made this award to Ms. Whitson-Schmidt to honor a person and an institution that has played a particularly significant role in advancing the affordable housing effort in this city," said William Higginson, president of the Chicago Equity Fund.

The Chicago Equity Fund is a real estate investment fund that finances affordable housing projects throughout Chicago. Chicago-area corporations make limited partnership equity investments in the projects, earning low income housing tax credits.

"No other single institution has contributed in as significant a way as the Board of Pensions in 1992, because of its willingness to establish a $5 million line of bridge loans in order to swiftly and efficiently finance our efforts," Mr. Higginson said.

Ms. Whitson-Schmidt's commitment to housing issues extends beyond her role at the Board of Pensions, where she has worked for 19 years, the last 10 on the investment side. She has worked for eight years with ACORN, an Evanston-based project benefiting the homeless, serving as a board member for the organization.

— Christine Philip

INTERNATIONAL

U.K. plans move more around globe

■ U.K. pension funds are moving more assets overseas, according to Greenwich Associates.

In a report by the Greenwich, Conn., consulting firm, 19.9% of U.K. fund executives interviewed expect to hire overseas managers this year, up more than 1.5 percentage points from the 18.3% of funds that hired managers last year.

Greenwich based its information on 279 personal interviews of executives responsible for management of U.K. pension funds. The interviews were conducted in April and May.

An increasing amount of those assets destined for non-U.K. markets also will be going to passive managers, according to the report. In the survey, 2.8% of the survey respondents said they are looking for index managers, up from 2.1% last year. Active overseas managers are being sought by 17.1% of those interviewed this year.

The big loser in the United Kingdom is real estate. According to the report, 8.8% of U.K. managers will be looking for real estate managers this year — last year, 9.6% of the U.K. fund executives interviewed hired real estate managers.

The report also said fees paid to managers dropped slightly in the past year to 19.9 basis points from 20.5 basis points.

The largest funds — those with assets of more than 1 billion pounds — had the sharpest drop in fees, to 13 basis points from 18.6 basis points.

— Pete Retzbach

MONEY MANAGERS

Bankers Trust reorganizes unit

■ Bankers Trust Co. has reorganized its Profitco subsidiary and changed its name to Global Assets.

The successor organization includes Profitco's $140 billion in assets under management — of which $110 billion is for tax-exempt clients — as well as $600 billion in assets under administration.

Global Assets differs from Profitco in that it is organized around market sectors such as banks, corporations, broker-dealers and employee benefit plans — not product classes. The unit responsible for a given market sector delivers all Global Assets' products to that sector.

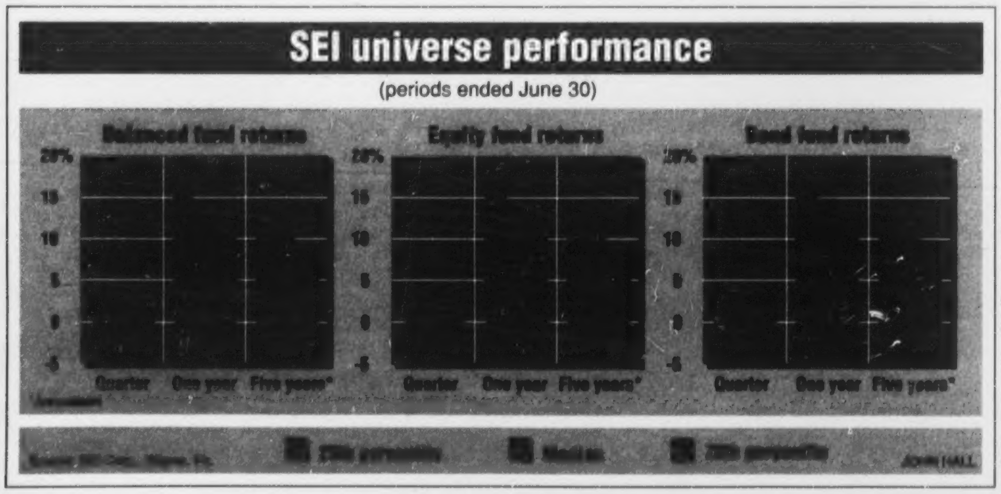
"We think we'll be able to penetrate those market sectors more broadly, more deeply and more efficiently. There's potential for accelerated growth in the business," said Thomas Parisi, senior vice president.

Edward A. Lesser, vice chairman of Bankers Trust and former head of Profitco, will head the new organization. H. Kent Atkins, managing director, will remain the head of the asset management operation.

— Marlene Givant Star

SEI universe performance

(periods ended June 30)



PROXIES

Management group buys Georgeson

■ Georgeson & Co., New York, the investor relations and proxy solicitation firm, has been acquired by a management-led group.

Terms were not disclosed.

The management group purchased the company from its parent, Corporate Communications PLC of London.

The owners, who will call the company Georgeson International Inc., said they also purchased Georgeson & Co. Ltd., the firm's London arm.

Managers of Georgeson will have a significant equity position in the company under the new structure.

— Marlene Givant Star

INVESTING

Aronson brutally candid on shortfall

■ Ted Aronson, a principal in Aronson + Fogler, can be brutally honest when discussing his firm's fortunes — or misfortunes.

After developing a list of the 10-best performing stocks from the index against which his firm's small-capitalization portfolio is measured, Mr. Aronson said: "Among this 10 best list, our work avoided all 10 issues, all year."

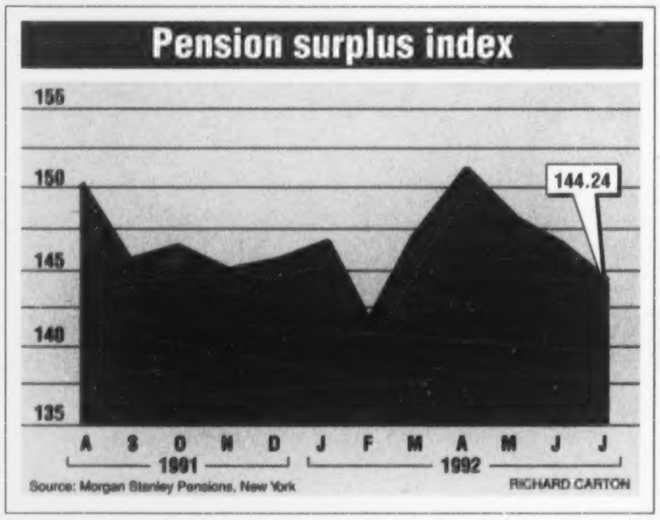
In a midyear review analyzing the firm's results, Mr. Aronson noted Philadelphia-based Aronson + Fogler's small-cap portfolio — which has about $66 million in assets — returned −5.4% for the six months ended June 30. Its benchmark — the Russell 2500 Stock Index, returned −4.5% for the same period.

For longer periods, however, the product — which uses simulated returns prior to Sept. 30, 1991 — has beaten the benchmark.

The small-cap fund returned a compound-annualized 12.9% vs. 10.9% for the Russell 2500 for the two-year period ended June 30; 9.6% vs. 8.6% for three years; 12.6% vs. 10.1%, for four years; and 10.4% vs. 7.2% for the five-year period. Simulated returns do not include management fees.

— Chuck Paustian

Pension surplus index



Source: Morgan Stanley Pensions, New York

RICHARD CARTON

SOCIAL INVESTING

IRRC using 'green' bloodhounds

■ The Investor Responsibility Research Center Inc., Washington, has instituted an environmental information service to track the environmental performance of the companies in the Standard & Poor's 500 Stock Index.

The service provides a Corporate Environmental Profiles Directory, compiled from data culled from government data bases, corporate securities filings, survey information and media clippings.

"Unlike other social issues, such as South Africa exclusion, with environmental performance issues, it's easy to see the financial impact," said Scott Fenn, director of the service.

"Just on fiduciary grounds, investors need information relating to a company's environmental performance. A firm with a negative environmental performance record is much more likely to take a hit down the road in terms of its environmental liability, with a resulting drop in share price," Mr. Fenn said.

Pension funds participated in field testing the service in 1991 and several remain clients, including the Teachers Insurance and Annuity Association-College Retirement Equities Fund, the New York State and Local Retirement Systems, the State of Connecticut Trust Funds, the Common Fund and the General Board of Pensions of the United Methodist Church.

Mr. Fenn said the new service will provide pension funds with the information needed to evaluate companies from a "green" standpoint, as well as from the viewpoint of financial and fiduciary responsibility.

— Christine Philip

Energy managers booming

Sector leads domestic equity funds in 2nd quarter

By Christine Philip

Energy stock managers outperformed all other domestic equity managers during the second quarter, according to Pensions and Investments' Performance Evaluation Report.

Frontier Capital Management Co. Inc., Boston, led managed equity accounts with a second quarter return of 12.3% for its Energy Equity and Cash account. The Mitchell Group Inc., Houston, which manages publicly traded energy stocks, was second, returning 10.8% for the quarter.

The Standard & Poor's 500 Stock Index returned 1.9%, while the median managed equity account in the PIPER universe returned −1.4%.

Rodney Mitchell, president of The Mitchell Group, attributed the company's second quarter success to a 75% increase in natural gas prices between February and August 1992. "The quarter started very depressed, but we soon saw a rise in natural gas prices that the markets were assuming just wouldn't happen, and we were able to do very well."

Large-capitalization managers performed better than small-cap managers in the second quarter. Compared with the S&P 500's return of 1.9%, the Russell 2000 returned −6.8%. And value stocks outperformed growth stocks: the Russell Price-Driven (Value) Index returned 4.2% for the quarter, while the Russell Earnings Growth Index returned −1.1%.

Value manager John Stewart Darrell & Co., Charlottesville, Va., enjoyed a 44% gain for the year ended June 30, topping the list of PIPER managed accounts. The firm returned 6.9% for the quarter.

The median PIPER managed account equity manager returned 14.2% for the year; the S&P 500 returned 13.4%; and the Russell 2000 returned 14.5%.

Charlie King, senior investment manager at John Stewart Darrell, said the firm benefited from the trend toward value, as the economy shows signs of recovery. The firm's approach primarily uses large-cap stocks, but Mr. King said he pays more attention to value characteristics than to capitalization. He buys some small-cap companies and selected growth companies.

"We don't choose cyclicals for sake of being cyclicals," Mr. King said.

Between 12% to 15% of the $30 million tax-exempt portfolio is in bank stocks, and between 5% and 7% is in multiline insurers, which he said have recovered from the worst of their earnings slump.

Among the firm's other holdings: **General Host Corp.**, a large garden and nursery retailer; **United Dominion Realty Trust Inc.**, a major Southeastern real estate investment trust; **Dresser Industries**, an oil and petrochemical servicer; **Texas Instruments Inc.**, the semiconductor manufacturer; and **Media General Inc.**, a media franchise with growth stock characteristics.

Oak Associates, Akron, Ohio, a large-cap growth manager, placed second among managed accounts, with a return of 38.9% for the year ended June 30.

Cohen, Mavis & Marks Inc., New York, another large-cap growth manager, was third, returning 32.9% for the same period.

Among commingled domestic equity accounts, the Select Equity Fund of Connecticut Mutual Life Insurance Co., Hartford, Conn., led the second quarter, returning 8.1%. The P/PS Regional Bank Fund managed by Associated Bank, Neenah, Wis., was second, with a return of 6.8%. Provident Mutual Life Insurance Co., Philadelphia, returned 6.5% for its Value Equity SA account.

For the year ended June 30, Princeton (N.J.) Bank and Trust's Emerging Growth Fund was the top-performing domestic equity pooled fund, returning 38.2%. Second was Deposit Guaranty National Bank, Jackson, Miss., with 37.4% for its Special Opportunity Fund. The Quest Special Equity Fund of Meridian Bancorp., Valley Forge, Pa. was third, with a return of 34.7%.

The median manager in the PIPER universe of commingled equity funds returned −3.3% for the quarter and 10.3% for the year.

Dewey Square Investors, Boston, led the managed domestic fixed-income accounts for the second quarter, returning 8.9%. Fidelity Management Trust Co., Boston, ranked second, with 6.6%. McCullough, Andrews & Cappiello Inc., San Francisco, was third, returning 6.1%. Managed account domestic fixed-income managers had a median return of 4.1% for the quarter.

For the year ended June 30, Bell Capital Management Inc., Atlanta, led PIPER's managed accounts in domestic fixed income, returning 26.5%. Second was mortgage-backed securities manager Dewey Square, with 24.8%. Trust Co. of the West, Los Angeles, was third, with 23.7%. The median return in the universe was 14.5%.

All top placers in the second quarter and one-year PIPER domestic fixed-income ranks hold broad-duration bonds. The Salomon Broad Bond Index returned 4.1% for the quarter and 12.2% for the year.

"It's been a crazy time for mortgages over the last 12 months, and especially over the last six months, with an avalanche of unexpectedly high mortgage pre-payments in the last quarter of 1991 and very recently in response to lower interest rates," said Frederick Horton, Dewey Square's director of mortgages and senior portfolio manager.

Mr. Horton calls himself a "bond picker" with a quantitative approach, using Dewey Square's risk-controlled portfolio model that matches overall portfolio risk closely to the overall risk of the markets.

"This environment of extreme volatility, confusion and complexity best suits a mortgage-bond picker. This is the perfect environment for me. The year going forward will be the year of the bond picker making small, careful bets."

In the PIPER domestic fixed-income ranking for commingled accounts, the Long Term Bond Fund of Prudential Fixed Income Advisors, Newark, N.J., topped the second quarter, returning 6.2%. Second was the Variable Maturity Fixed Fund of Boatmen's Trust Co., St. Louis, with a 5.5% return, followed by Chancellor Capital Management, New York, with a 5.1% return for its Mortgage Securities Fund.

Prudential's fund also ranked first for the year ended June 30, returning 21.9%. Boatmen's fund finished second again, with 19.9%. Third was Wellington Trust, Boston, with 18.8% for its Emerging Bond Fund.

Among commingled account domestic fixed-income mangers, the median return was 3.9% for the quarter and 13.8% for the year.

In international equity, Bank of Ireland Asset Management Ltd., Greenwich, Conn., was first for the quarter, with a 15.3% return in its separately managed account. Its commingled account — through First NH Investment Services-Bank of Ireland Asset Management, Concord, N.H. — placed second, with 14.2%. Associated Bank was third, with 12.1%.

For the year ended June 30, Marvin & Palmer Associates was first, with 43.9% in its international equities portfolio. Bank of Ireland's separate account was second, returning 34.7%, and First NH-Bank of Ireland was third, with 30.9%.

The median for international equity managers was 4.2% for the quarter and 7.2% for the year. The Morgan Stanley Capital International Europe Australia Far East Index posted a 2.2% return for the quarter and −0.3% for the year.

Delaware International Advisers Ltd., London, outpaced other international fixed-income managers, with an 11.5% return for the quarter ended June 30. Baring International Investment Ltd., Boston, was second, with 10.7%, and Global Fixed Income Advisors, Newark, N.J., was third, with 9.9%.

Delaware International had the top one-year international fixed-income returns — 33.3%. Global Fixed Income Advisors was second, returning 29.8%. Baring International was third, with 29.1%.

The median for international fixed-income managers was 8.4% for the quarter and 26.5% for the year. The Salomon World Government Bond Index returned 9.4% for the quarter and 27.3% for the year.

PIPER commingled accounts, called PIPER, include performance for funds that commingle client accounts for investment purposes. PIPER managed accounts, formerly PIPER+, includes a composite of individually managed accounts. The data for both universes are gathered by Rogers, Casey & Associates Inc., Darien, Conn. ■

PIPER accounts

Periods ended June 30

Balanced

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	11.0	31.7	24.9	27.3	21.7
First quartile	2.4	15.7	12.9	11.2	17.2
Median	1.4	14.1	11.9	10.3	16.2
Third quartile	0.1	12.2	10.3	9.4	15.1
Lowest return	-8.1	6.4	1.6	1.3	11.9

TAA

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	3.7	20.4	16.9	14.0	20.3
First quartile	2.7	15.3	12.9	11.7	18.8
Median	1.8	13.8	12.2	10.6	16.6
Third quartile	0.5	12.4	11.0	9.4	15.0
Lowest return	-3.2	2.7	6.9	5.0	11.9

KIMBERLY MART

PIPER managed fixed-income accounts

Periods ended June 30

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	8.9	26.5	19.5	18.4	18.4
First quartile	4.5	15.8	11.4	11.0	14.3
Median	4.1	14.5	10.8	10.5	13.6
Third quartile	3.5	13.0	10.2	10.0	12.6
Lowest return	-2.5	3.6	7.0	6.5	9.3
Salomon Broad	4.1	14.2	10.9	10.6	13.6

Limited duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.5	14.9	11.2	10.2	13.1
First quartile	3.4	12.0	10.6	10.0	12.2
Median	3.2	11.3	10.1	9.8	11.8
Third quartile	2.8	10.1	9.3	9.2	11.0
Lowest return	1.1	5.9	7.3	7.8	9.4

Intermediate duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.8	17.4	12.5	12.7	13.1
First quartile	4.2	14.3	11.1	10.6	13.6
Median	3.8	13.2	10.5	10.1	12.7
Third quartile	3.4	12.0	10.1	9.5	12.1
Lowest return	1.7	5.5	7.0	6.5	9.4

Broad market

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	8.9	26.5	19.5	15.2	18.4
First quartile	4.6	16.1	11.6	11.1	14.3
Median	4.3	15.0	11.1	10.7	13.7
Third quartile	3.9	14.2	10.5	10.2	13.1
Lowest return	-2.5	3.6	7.6	7.1	9.3

Long duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.1	20.7	15.5	18.4	16.8
First quartile	4.6	17.1	11.6	11.7	15.0
Median	4.3	16.0	10.8	10.8	14.4
Third quartile	3.9	14.6	10.3	10.3	14.1
Lowest return	1.7	11.0	7.4	9.2	11.6

KIMBERLY MART

PIPER fixed-income accounts

Periods ended June 30

International

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	11.5	33.3	20.6	15.7	17.4
First quartile	9.3	28.5	16.8	14.4	17.4
Median	8.4	26.5	15.4	12.0	17.1
Third quartile	6.6	18.6	14.6	11.2	15.4
Lowest return	-1.0	8.0	13.2	10.8	15.3
Salomon World Gov't	9.4	27.3	14.5	10.5	na

Global

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	8.4	23.7	17.7	16.1	18.9
First quartile	6.8	21.5	15.6	12.9	18.4
Median	6.0	19.5	13.5	11.8	15.7
Third quartile	5.0	17.3	11.2	10.7	14.7
Lowest return	1.2	8.0	9.0	10.1	14.5
Salomon World	7.1	21.8	12.5	10.7	14.8

JOHN HALL

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Few rush to tackle timber's winnings

Despite high returns, little is coming in

By Steve Hemmerick

Timberland funds continue to score the best commingled real estate returns, but institutional investors who ordinarily seek out high return investments are not racing to put money into timber.

The $1 billion separate account timber fund run by Hancock Timber Resource Group, scored the highest total return — 21.3% — among 25 open-end funds for the year ended March 31, according to the Pensions & Investments Performance Evaluation Report. Hancock's $15 million Forestree I fund scored the highest total return — 17.43% — among 63 closed-end funds for the same period.

Forest Investment Associates' $85 million separate account timber fund scored the third best total return — 12.24% — for closed-end funds for the one-year period.

The timber performance returns look even better when compared to median returns for real estate. During the same one-year period, the median return was −4.2% for open-end funds and −7.7% for closed-end funds.

Despite the high numbers, "you are not seeing billions of dollars (from pension funds) plowing into timber," said Paul Saint-Pierre, a senior consulting manager with Kenneth Leventhal & Co., Los Angeles.

Mr. Saint-Pierre co-authored the book, "Timberland: An Industry, Investment & Business Overview" in 1991.

At the time of the book's publication, Mr. Saint-Pierre estimated tax-exempt investors had invested a little more than $1 billion in timberland, equal to about 1% of the assets tax-exempt investors have invested in equity real estate.

He said one possible reason pension funds don't put more money into timberland is because timber derives its investment performance differently from most real estate, and many pension funds are unfamiliar with timber as an investment.

Most properties rent space, whereas timber is a commodity that earns income on the demand for wood products.

In other PIPER real estate results, the Agricultural Fund of Equitable Agri-Business Inc., Atlanta, scored the second-best performance among closed-end funds — 15.97% — for the year ended March 31.

The fund invests in corn in the Midwest, citrus in California, and cotton and rice in the Mississippi Delta. Joyce Niggley, portfolio manager, said the fund is expected to be about $25 million to $50 million when it has its final closing.

Equitable Real Estate Investment Management's EQK III had the fourth best total return — 10.6% — among closed-end funds for the one-year period. The $302 million fund is invested primarily in regional malls.

Fifth was INVESCO Realty Advisors' Institutional Mortgage Fund II, with 7.4%. The $28 million fund is a diversified property fund.

Among open-end funds, the $12 million personal trust real estate fund of Star Banks, Cincinnati, was second, returning 15.6%, while Star Bank's $5.4 million Employee Benefit fund was third, returning 15.3%.

Union Labor Life Insurance Co.'s $462 million MSA-J fund returned 8.2%, and Prudential Real Estate Group's $150 million Union Mortgage Account scored 8.1%. Both are mortgage funds.

PIPER data are compiled by Rogers, Casey & Associates Inc., Darien, Conn. ■

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Many investment companies have searched for the secret to a more objective method of equity selection. Meridian Investment Company has actually found it—with QUEST*, our superior proprietary investment selection process.

QUEST combines the disciplines of growth and value investing, providing a unique approach that helps reduce the risks of emotion and subjectivity in the selection process. QUEST also offers a price momentum indicator, allowing for the consideration of precise timing—an element usually absent from standard evaluation methods. This quantitative model enhances our expert qualitative analysis, so that each investor receives the most objective and thorough plan for his or her needs.

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For more information about how the QUEST process can benefit you, call us at:
(215) 251-5983.

*an acronym for Quantitative Evaluation and Selection Techniques

Valley Forge, Pennsylvania

Meridian Investment Company

Top PIPER managed equity funds

Growth

3-month returns

	%
Wilke/Thompson (Sm. cap.)	4.6
Acorn Asset	4.0
Lehman Ark (Garp eq. & cash)	3.5
Reich & Tang	2.6
T. Rowe Price (Cap. apprec.)	2.2
S&P 500	**1.9**
IDS Advisory (Research)	1.6
Fayez Sarofim	1.5
One Federal Asset (Gro. & inc.)	1.5
Securities Res. (Kemper Sum.)	1.2
Putnam Cos.	1.1
Russell 2000	**−6.8**

1-year returns

	%
Oak Associates	38.9
Cohen, Davis & Marks (U.S.)	32.9
Wilke/Thompson (Sm. cap.)	32.4
Amerindo U.S. (Emerg. tech.)	32.4
Mt. Auburn Mgmt.	30.6
Suffolk Capital (Valuation)	29.6
Duncan/Hurst (Sm. cap.)	29.0
Westfield Capital (Emerg.)	26.3
Target Investors (Sm. cap. em.)	25.3
Peregrine Capital (Sm. cap.)	24.5
Russell 2000	**14.5**
S&P 500	**13.4**

5-year returns

	%
Mt. Auburn Mgmt.	25.8
Cohen, Davis & Marks (U.S.)	22.5
Montgomery Asset (Sm. cap.)	22.3
Chancellor (Sm. cap.)	21.1
John McStay Invst. (Sm. cap.)	20.0
Dawson Samberg (Pequot)	18.9
Duncan/Hurst (Sm. cap.)	18.2
Robertson, Stephens (Sm. co.)	18.1
Securities Res. (Kemper Sum.)	17.9
Strong/Corneliuson (Sm. cap.)	17.4
S&P 500	**9.7**
Russell 2000	**4.8**

10-year returns

	%
Pacific Century (Sm. cap.)	29.9
Amerindo U.S. (Emerg. tech.)	27.4
Fidelity Mgmt. (Agg.)	25.1
Nicholas-Applegate (Emerg.)	25.0
Severn Associates	24.8
Chancellor (Sm. cap.)	24.3
Srong/Corneliuson (Sm. cap.)	23.9
Capital Growth	23.2
Lehman Ark (Specialty)	22.3
Janus Capital (Earnings)	22.0
S&P 500	**18.5**
Russell 2000	**13.7**

Value

3-month returns

	%
The Mitchell Group (Energy)	10.8
Cowen Asset (Inc. and gro.)	8.0
Donald Smith	7.5
John Stewart Darrell	6.9
T. Rowe Price (Basic value)	6.2
Newbold's Asset (Value based)	5.0
Wilshire Asset (Large co.)	4.9
Newell Assoc. (Relative yield)	4.8
Tukman Capital	4.7
Spare Tengler Kaplan Bischel (Inc.)	4.6
S&P 500	**1.9**
Russell 2000	**−6.8**

1-year returns

	%
John Stewart Darrell	44.0
Dreman Value (Sm. cap./low p/e)	31.1
MacKay-Shields	30.9
Heartland Advisors (Sm. cap.)	29.1
Wilshire Asset (Sm. co.)	28.1
Mesirow Asset (Sm. cap.)	27.9
David L. Babson (Sm. cap.)	27.0
Anderson Capital (Inc.)	25.3
Delafield Asset	25.1
Donald Smith	24.8
Russell 2000	**14.5**
S&P 500	**13.4**

5-year returns

	%
Chilmark Capital	33.7
Goodwin Capital (GCM 50)	19.5
Brinson Partners (Post venture)	17.4
Tukman Capital	16.6
Brinson Partners (U.S.)	15.7
Alex. Brown Invst.	14.7
State Street Asset (Matrix)	14.7
Systematic Financial (Cash flow)	14.4
Mesirow Asset (Sm. cap.)	14.2
UBS Asset-N.Y. (Sm. cap.)	14.1
S&P 500	**9.7**
Russell 2000	**4.8**

10-year returns

	%
Cadence Capital (Lg. cap.)	24.3
Beacon Invst.	22.9
Neuberger and Berman	22.8
Wilshire Asset (Sm. co.)	22.6
Oxford Capital	22.5
Radnor Capital (Act. low p/e)	22.1
Mitchell Hutchins (Core)	22.1
Fox Asset	22.1
Dietche & Field (Core)	22.1
UBS Asset-N.Y. (Sm. cap.)	22.0
S&P 500	**18.5**
Russell 2000	**13.7**

Other equity

3-month returns

	%
Frontier Capital (Energy)	12.3
Feshbach Brothers (Southgate)	8.1
W.H. Reaves (Utility/energy)	8.1
Heine Securities (Mutual qualified)	4.9
Heine Securities (Mutual Beacon)	4.9
Heine Securities (Mutual shares)	4.7
Pension Portfolio (Inc.)	4.3
T. Rowe Price (Inc.)	4.2
Hotchkis and Wiley	3.9
Cullinan Assoc. (Inc.)	3.9
S&P 500	**1.9**
Russell 2000	**−6.8**

1-year returns

	%
Ardsley Partners (II)	28.6
Ardsley Partners (I)	26.7
Scudder Stevens & Clark (Value)	26.7
First Quadrant	22.8
Hotchkis and Wiley	20.7
Nicholas-Applegate (Convertible)	20.3
Fiduciary Trust (Domestic growth)	20.3
Meridian	19.7
Investment Advisers (Sm. cap.)	19.1
Cramer Rosenthal McGlynn (Sp.)	19.0
Russell 2000	**14.5**
S&P 500	**13.4**

5-year returns

	%
Ardsley Partners (I)	35.1
Feshbach Brothers (Southgate)	24.9
Dietche & Field (Opp.)	19.8
Westwood (En. index-QAM)	16.8
Nicholas-Applegate (Hedge)	16.5
Investment Advisers (Sm. cap.)	15.8
Nicholas-Applegate (Convertible)	15.1
GW Capital (Sector rotation)	14.5
Goodwin Capital (Standard)	13.9
Pension Mgmt.	13.9
S&P 500	**9.7**
Russell 2000	**4.8**

10-year returns

	%
Westwood (En. index-QAM)	25.2
Goodwin Capital (Standard)	24.0
Husic Capital	23.4
Investment Advisers (Sm. cap.)	22.2
Balch Hardy Scheinman (Wealth)	22.1
Cramer Rosenthal McGlynn (Sp.)	21.4
Caldwell & Orkin (Multifactor)	21.1
Argus Investors' (Diversified)	21.1
Pension Mgmt.	20.9
Leylegian Invst.	20.5
S&P 500	**18.5**
Russell 2000	**113.7**

Top PIPER managed fixed-income funds

Limited duration

3-month returns

	%
Richmond Capital (Short/inter.)	4.5
Winrich Capital	4.4

Time Machine

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Standish Ayer Wood (Control risk)	4.4
Union Capital	4.4
Salomon Broad	**4.1**
Fiduciary Mgmt. of Milwaukee	3.9
Chandler Liquid (Short)	3.5
Putnam Cos. (Low vol.)	3.5
RCM Capital (Short)	3.5
Miller, Anderson Sherrerd	3.4
Charles River (Enhanced cash)	3.4

1-year returns

	%
Winrich Capital	14.9
Union Capital	14.2
Richmond Capital (Short/inter.)	13.9
Salomon Broad	**14.2**
Standish Ayer Wood (Control risk)	13.2
Weiss, Peck & Greer (Short)	13.0
Income Res. (Enhanced cash)	12.9
Western Asset	12.4
Fiduciary Mgmt. of Milwaukee	12.1
Independence One (Prima III)	12.0
Pacific Invst. (Low dur.)	11.8

5-year returns

	%
Salomon Broad	**10.6**
Standish Ayer Wood (Control risk)	10.2
Richmond Capital (Short/inter.)	10.2
Pacific Invst. (Low dur.)	10.2
Western Asset	10.1
Weiss, Peck & Greer (Short)	10.0
Winrich Capital	10.0
Fiduciary Mgmt. of Milwaukee	10.0
Union Capital	10.0
Putnam Cos. (Low vol.)	9.9
Charles River (Enhanced cash)	9.9

10-year returns

	%
Salomon Broad	**13.6**
Union Capital	13.1
Winrich Capital	12.7
Pacific Invst. (Low dur.)	12.2
Fiduciary Mgmt. of Milwaukee	12.1
Weiss, Peck & Greer (Short)	11.8

Intermediate duration

3-month returns

	%
Independence One (Prima V)	4.8
Kemper Asset (Plus)	4.8
Eaton Vance (Core)	4.7
Fox Asset	4.7
Denver Invst.	4.5
CIGNA Asset	4.4
Standish Ayer Wood (Mod. act.)	4.4
JCW Invst. (Value)	4.3
INVESCO MIM (Active)	4.3
Boatmen's Trust	4.3
Salomon Broad	**4.1**

1-year returns

	%
Glickenhaus	17.4
Kemper Asset (Plus)	17.0
Eaton Vance (Core)	16.6
Fox Asset	15.8
Independence One (Prima X)	15.7
Pacific Invst. (Mtg.)	15.2
Denver Invst.	15.1
Scudder Stevens Clark (Ltd. vol.)	14.8
Boatmen's Trust	14.6
CIGNA Asset	14.4
Salomon Broad	**14.2**

5-year returns

	%
Fox Asset	12.7
Pacific Invst. (Mtg.)	11.9
U.S. Trust of California	11.7
Kemper Asset (Plus)	11.1
Glickenhaus	10.9
Boston Co.	10.8
Wagstaff, Lodefink	10.7
CIGNA Asset	10.6
Standish Ayer Wood (Mod. act.)	10.6
STW Fixed Income (Short)	10.6
Salomon Broad	**10.6**

10-year returns

	%
Salomon Broad	**13.6**
Union Capital	13.1
Winrich Capital	12.7
Pacific Invst. (Low dur.)	12.2
Fiduciary Mgmt. of Milwaukee	12.1
Weiss, Peck & Greer (Short)	11.8

Broad market

3-month returns

	%
Dewey Square (Mtg.)	8.9
Fidelity Mgmt. (Dynamic mat.)	6.6
McCullough Andrews (Def.)	6.1
Loomis, Sayles-Pasadena	5.9
IDC Portfolio (GNMA trip.)	5.2
Trust Co./West (Mtg. backed)	5.1
Bear Stearns Asset (Core active)	5.1
Putnam Cos. (Horizon)	4.9
Mitchell Hutchins (Active)	4.9
Thompson, Siegel Walmsley (Core)	4.9
Salomon Broad	**4.1**

1-year returns

	%
Bell Capital (Mgd.)	26.5
Dewey Square (Mtg.)	24.8
Trust Co./West (Mtg. backed)	23.7
Loomis, Sayles	19.6
BlackRock Financial (Mtg.)	19.1
Loomis, Sayles-Pasadena	19.0
GW Capital (Sector rotation)	18.7
Lotsoff Capital (Active)	18.2
Loomis, Sayles (Invst. grade)	17.8
Redstone Advisors (Active dur.)	17.7
Salomon Broad	**14.2**

5-year returns

	%
Bell Capital (Mgd.)	15.2
Trust Co./West (Mtg. backed)	15.1
GW Capital (Sector rotation)	13.0
Strong/Corneliuson	12.9
Morgan Grenfell	12.5
Mass. Financial (Act.)	12.3
Durkee Capital (Reactive)	12.0
Jamison, Eaton Wood (Act. dur.)	12.0
Hoisington Invst.	11.9
Loomis, Sayles-Pasadena	11.9
Salomon Broad	**10.6**

10-year returns

	%
Bell Capital (Mgd.)	18.4
Morgan Grenfell	16.1
Miller Anderson Sherrerd (Mtg.)	16.0
Loomis, Sayles	15.6
Patterson Capital	15.6
Meridian Invst.	15.5
Standish Ayer Wood (Act. core)	15.3
Mass. Financial (Act.)	15.1
Jamison Eaton Wood (Act. dur.)	15.1
Pacific Invst. (Total return)	15.0
Salomon Broad	**13.6**

Long duration

3-month returns

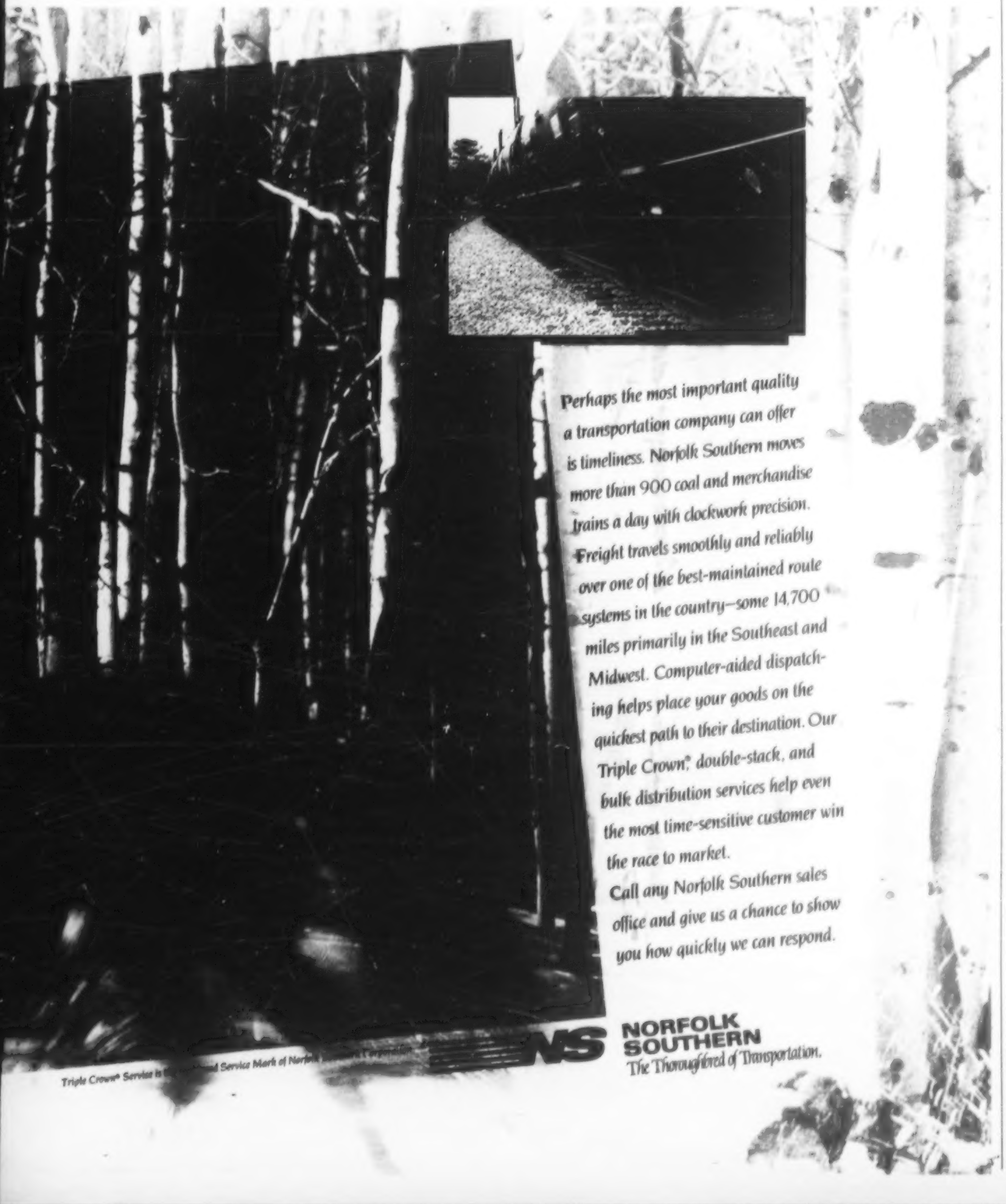
	%
Investment Advisors (Act. dur.)	6.1
Boatmen's Trust (Var. mat.)	5.4
Western Asset	5.3
Putnam Cos.	5.1
STW Fixed Income	5.1
Denver Invst.	5.0
Miller Anderson Sherrerd	4.9
Bradford & Marzec	4.8
IDS Advisory	4.7
Axe-Houghton	4.7
Salomon Broad	**4.1**

1-year returns

	%
Investment Advisors (Act. dur.)	20.7
Western Asset	20.4
Boatmen's Trust (Var. mat.)	20.0
Income Research	18.8
Bradford & Marzec	18.4
Miller Anderson & Sherrerd	18.2
STW Fixed Income	17.8
Denver Invst.	17.5
Criterion Invst.	17.3
Bradford & Marzec	17.2
Salomon Broad	**14.2**

5-year returns

	%
Lara Luchsinger & Dietze (Treas.)	18.4
Seaboard Invst.	17.2
Criterion Invst.	12.5
STW Fixed Income	12.1
Bear Stearns (Mtg. backed)	12.0
McKee Invst. (Substitute)	12.0
McCowan Associates	11.8
Boatmen's Trust (Var. mat.)	11.7
Jamison Eaton Wood (Core)	11.7
Crawford Invst.	11.7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Salomon Broad	**10.6**

10-year returns

	%
STW Fixed Income	16.8
Miller Anderson Sherrerd	15.5
Denver Invst.	15.3
Boatmen's Trust (Var. mat.)	15.3
Crawford Invst.	15.2
Axe-Houghton	14.9
Jamison Eaton Wood (Core)	14.6
McCowan Associates	14.6
Putnam Cos.	14.5
Consistent Asset	14.4
Salomon Broad	**13.6**

Other fixed-income
3-month returns

	%
WR Lazard (Structured)	4.3
Mellon Capital (Index)	4.1
Mitchell Hutchins (Lehman index)	4.1
Mellon Bond (Index)	4.1
Lincoln Capital (Enhanced)	4.1
Salomon Broad	**4.1**

1-year returns

	%
Mitchell Hutchins (Lehman index)	14.5
Mellon Capital (Index)	14.4
Darien Capital (Overlay)	14.4
Lincoln Capital (Enhanced)	14.3
WR Lazard (Structured)	14.2
Salomon Broad	**14.2**

5-year returns

	%
Salomon Broad	**10.6**
WR Lazard (Structured)	10.5
PanAgora Asset (Index)	10.5
Mellon Bond (Index)	10.4

10-year returns

	%
Salomon Broad	**13.6**
T. Rowe Price (Multi media)	10.5

Top PIPER equity accounts

International
3-month returns

	%
Bank of Ireland	15.3
First NH-Bank of Ireland	14.2
Associated Bank (P/PS world)	12.1
Babson-Stewart Ivory	10.4
CL Capital	10.4
Lincoln Nat'l (S.A.)	10.1
Morgan Stanley Asset	9.7
Baring Int'l (EAFE)	9.7
Grantham Mayo Van Otterloo (C)	8.8
Freedom Capital	8.4
MSCI EAFE	**2.2**
FTA Europe & Pacific	**1.7**

1-year returns

	%
Marvin & Palmer (Emerg. mkts.)	43.9
Bank of Ireland	34.7
First NH-Bank of Ireland	30.9
Ladas & Hulings (Value)	27.6
Associated Bank (P/PS world)	23.8
Waddell & Reed (Growth)	23.0
Freedom Capital	22.9
BEA Associates	21.4
CL Capital	20.9
The Principal	20.7
MSCI EAFE	**−0.3**
FTA Europe & Pacific	**−1.8**

5-year returns

	%
BEA Associates	18.0
Ladas & Hulings (Value)	15.0
CL Capital	13.0
Boston Overseas (EAFE)	12.5
Templeton Invst.	12.3
Morgan Stanley Asset	12.1
Bank of Ireland	11.6
Fidelity Mgmt. (Overseas)	11.3
Freedom Capital	11.3
Boston Int'l (Prime value)	10.8
MSCI EAFE	**0.9**
FTA Europe & Pacific	**0.6**

10-year returns

	%
BEA Associates	27.1
Templeton Invst.	25.6
Grantham Mayo Van Otterloo (A)	24.2
Scudder Stevens Clark	24.0
Gulfstream Global	21.3
Brinson Partners	21.3
WorldInvest	21.2
Rowe Price-Fleming	21.0
Baring Int'l (EAFE)	20.9
Putnam Cos.	20.9
MSCI EAFE	**19.0**
FTA Europe & Pacific	**18.9**

Global
3-month returns

	%
Fiduciary Trust	15.7
Edinburgh-Wilmington	8.8
Bank of Ireland	8.2
Babson-Stewart Ivory	7.5
Freedom Capital	6.9
RCB Int'l (World opp.)	6.2
Warburg Invst. (SL3)	6.0
Bee & Associates	5.3
Putnam Cos.	5.0
Templeton Invst.	5.0
MSCI World	**1.9**
FTA World	**1.4**

1-year returns

	%
Bee & Associates	37.0
Fiduciary Trust	26.0
Freedom Capital	21.3
Bank of Ireland	20.5
Martin Currie	20.2
Marvin & Palmer	18.9
Templeton Invst.	18.6
Capital Guardian (New pers.)	18.4
WorldInvest	16.7
Edinburgh-Wilmington	14.5
MSCI World	**4.8**
FTA World	**4.2**

5-year returns

	%
Martin Currie	14.1
Brinson Partners	11.4
Bank of Ireland	10.8
Marvin & Palmer	10.6
Fiduciary Trust	10.6
Capital Guardian (New pers.)	9.4
Warburg Invst. (SL3)	9.3
AIG Global Investors	9.3
Scudder Stevens Clark	9.2
Morgan Stanley Asset	8.9
MSCI World	**4.0**
FTA World	**3.9**

10-year returns

	%
WorldInvest	23.4
Brinson Partners	21.1
Putnam Cos.	21.1
Martin Currie	20.9
Templeton Invst.	20.6
MSCI World	**18.0**
FTA World	**16.8**

Other
global and international
3-month returns

	%
Edinburgh-Wilmington (U.K.)	19.0
Daiwa Int'l (Pac. ex-Japan)	17.2
Ivory & Sime (Pac. ex-Japan)	16.4
Edinburgh-Wilmingon (Gro./inc.)	15.7
Prudential Asia (Southeast Asia)	13.2
Newport Pacific (Tiger)	12.9
Warburg Invst. (European)	12.1
Edinburgh-Wilmington (Ex-Japan)	11.5
G.T. Capital (Pac. ex-Japan)	11.2
Lombard Odier (European)	10.9

1-year returns

	%
Templeton Invst. (Emerg. mkts.)	54.5
Edinburgh-Wilmington (U.K.)	50.0
Trust Co./West (Latin American)	44.2
G.T. Capital (Emerg. mkts.)	35.7
Lombard Odier (European)	33.5
G.T. Capital (Pac. ex-Japan)	30.3
Prudential Asia (Southeast Asia)	27.1
Fidelity Mgmt. (European)	26.5
Daiwa Int'l (Pac. ex-Japan)	26.4
Pictet Int'l (Europe)	26.2

5-year returns

	%
Templeton Invst. (Emerg. mkts.)	26.5
Morgan Grenfell (Sm. cap. Japan)	25.7
G.T. Capital (Pac. ex-Japan)	15.8
Trust Co./West (Latin America)	13.8
J.P. Morgan (European)	13.1
Fidelity Mgmt. (European)	12.9
Scudder Stevens (New Asia)	12.9
G.T. Capital (Japan)	12.3
Baillie Gifford (European)	12.1
Ivory & Sime (Pac. ex-Japan)	12.0

10-year returns

	%
HD Int'l (Europe)	23.8
Wells Fargo Nikko (Japan)	22.8
Trust Co./West (Latin America)	21.7
Baring Int'l (Pacific Basin)	20.1

PIPER commingled equity funds

Periods ended June 30

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	8.1	38.2	37.6	24.1	25.9
First quartile	1.0	15.3	13.7	10.8	18.4
Median	-1.0	12.7	11.9	9.5	16.6
Third quartile	-3.3	10.3	9.7	8.2	15.4
Lowest return	-18.4	-3.1	-3.0	-2.2	11.0
S&P 500	1.9	13.4	12.4	9.7	18.5
Russell 2000	-6.8	14.5	6.1	4.8	13.7

Growth

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	2.3	38.2	37.6	20.4	25.9
First quartile	-0.8	17.2	15.4	11.4	18.1
Median	-2.4	12.1	13.1	9.5	16.5
Third quartile	-6.7	9.7	11.1	8.1	15.5
Lowest return	-18.4	-3.1	1.7	-2.2	11.0

Value

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.5	26.6	17.8	16.4	21.2
First quartile	1.8	14.3	12.7	10.6	18.3
Median	-0.1	12.5	10.8	9.2	16.8
Third quartile	-1.9	10.3	8.9	7.8	15.5
Lowest return	-10.1	-2.4	-3.0	0.4	11.5

KIMBERLY MART

The global custody and master trust directory will be published Oct. 12.

Top PIPER fixed-income accounts

International
3-month returns

	%
Delaware Int'l	11.5
Baring Int'l	10.7
Global Fixed Income	9.9
Salomon World Gov't	**9.4**
Wells Fargo Nikko	9.3
Warburg Invst.	9.3
Julius Baer Invst. (Non $)	8.9
J.P. Morgan Invst.	8.7
Fiduciary Trust	8.6

1-year returns

	%
Delaware Int'l	33.3
Global Fixed Income	29.8
Baring Int'l	29.1
Julius Baer Invst. (Non $)	28.5
WorldInvest (Non $)	28.5
Rogge Global Partners	28.4
Warburg Invst.	28.1
Salomon World Gov't	**27.3**
Wells Fargo Nikko	26.8

5-year returns

	%
Putnam Cos.	15.7
Baring Int'l	15.2
Fiduciary Trust	14.2
WorldInvest (Non $)	13.4
Brinson Partners	13.1
Julius Baer (Non $)	11.6
Salomon World Gov't	**10.5**

Real estate advisers: Aug. 31

10-year returns

	%
Fiduciary Trust	17.4
WorldInvest (Non $)	17.3
Brinson Partners	17.1

Global
3-month returns

	%
Julius Baer Invst.	8.4
Kleinwort Benson Int'l	7.5
Van Eck Associates	7.4
James Capel Fund	7.2
Salomon World	**7.1**
Baring Int'l (1)	7.0
Global Fixed Income	6.9
Warburg Invst.	6.7
Mass. Financial	6.6
Mass. Financial	6.3
Fiduciary Trust	6.2

1-year returns

	%
Julius Baer Invst.	23.7
Van Eck Associates	23.1
Global Fixed Income	23.0
Mass. Financial	22.6
Rogge Global Partners	22.6
Mass. Financial	22.4
Salomon World	**21.8**
Warburg Invst.	21.2
Brinson Partners	20.7
G.T. Capital	20.4
James Capel Fund	20.4

5-year returns

	%
Putnam Cos.	16.1
Global Fixed Income	15.0
Van Eck Associates	14.2
Baring Int'l (1)	13.2
Fiduciary Trust	12.1
WorldInvest	12.1

PIPER commingled fixed-income funds

Periods ended June 30

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.2	21.9	12.5	12.5	16.7
First quartile	4.3	14.9	10.9	10.6	13.6
Median	3.9	13.8	10.5	10.0	12.6
Third quartile	3.5	12.2	10.0	9.5	11.8
Lowest return	0.2	4.7	5.9	6.3	9.5
Salomon Broad	4.1	14.2	10.9	10.6	13.6

Limited duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.6	16.1	12.3	10.1	13.1
First quartile	3.7	13.0	10.4	9.8	12.0
Median	3.4	11.8	10.1	9.4	11.6
Third quartile	2.9	10.4	9.5	8.9	10.7
Lowest return	0.9	4.7	6.3	6.3	9.5

Intermediate duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.5	16.3	12.4	11.6	13.8
First quartile	4.2	13.8	10.8	10.2	12.7
Median	3.9	13.1	10.5	9.9	12.0
Third quartile	3.6	12.2	10.1	9.4	11.5
Lowest return	0.2	7.5	7.9	8.6	9.9

Broad market

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	5.1	18.8	12.5	11.9	15.5
First quartile	4.4	15.1	11.1	10.7	13.8
Median	4.1	14.5	10.7	10.3	13.2
Third quartile	3.8	13.6	10.2	9.7	12.5
Lowest return	1.6	9.8	6.6	7.8	10.2

Long duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.2	21.9	12.0	12.5	16.7
First quartile	4.8	17.6	11.4	11.2	15.7
Median	4.4	15.8	10.7	10.7	14.1
Third quartile	3.9	14.1	9.9	10.1	13.5
Lowest return	1.5	10.0	8.4	8.3	11.3

KIMBERLY MART

Alliance Capital	12.0
Global Fixed Income (Yield)	11.8
Salomon World	**10.7**

10-year returns

	%
WorldInvest	18.9
Brinson Partners	16.1
Baring Int'l (1)	15.7
Salomon World	**14.8**

Top PIPER balanced accounts

3-month returns

	%
Rampart Invst. (MFA plus)	11.0
John Stewart Darrell	5.6
RXR Capital	4.5
Morgan Stanley (Value)	4.2
Lehman Ark Mgmt. (GARP)	4.2
Brinson Partners (Global)	4.1
Armstrong Shaw	4.0
Crawford Invst.	3.9
Brinson Partners (Multi-asset)	3.6
Mass. Mutual (SIA-M)	3.6

1-year returns

	%
Quaker Capital	31.7
Rampart Invst. (MFA plus)	26.5
Provident Invst.	22.1
Rorer Asset	21.1
Harris Associates	20.8
John Stewart Darrell	19.7
Northern Capital (Asset alloc.)	19.4
Atalanta/Sosnoff Capital	19.3
Fidelity Mgmt.	19.3
Roxbury Capital	19.1

5-year returns

	%
Rampart Invst. (MFA plus)	27.3
Quaker Capital	19.5
Turner Invst.	15.3
Provident Invst.	14.6
Brinson Partners (U.S.)	14.0
Capstone Asset (Growth)	13.8
Brinson Partners (Global)	13.7
Galleon Capital	13.7
Oxford Capital	13.5
Roxbury Capital	13.3

10-year returns

	%
Harris Associates	21.7
Oxford Capital	21.6
Davenport & Co. of Va.	20.4
Provident Invst.	20.1
Wedge Capital	19.4
Fayez Sarofim	19.2
Radnor Capital (Act. low p/e)	18.9
Investment Counselors	18.8
Tom Johnson Invst.	18.6
Caldwell & Orkin (Multifactor)	18.5

Top PIPER TAA accounts

3-month returns

	%
TSA Capital (100% bond)	3.7
Chancellor (Assetshift 65)	3.7
Wells Fargo Nikko (U.S.)	3.4
Chancellor (Assetshift 50)	3.3
QuantiLogic Asset	3.3
Mellon Capital	3.2
E.R. Taylor Invst. (Balanced)	3.2
Chancellor (Bondshift)	3.1
New York Life (Multi-asset)	2.8
TSA Capital (50 stocks/50 bonds)	2.7

1-year returns

	%
TSA Capital (100% bonds)	20.4
Pacific NW Trust	19.5
Mellon Equity (Quant.)	17.9
QuantiLogic Asset	16.7
Wells Fargo Nikko (U.S.)	16.5
Chancellor (Assetshift 65)	15.7
BRS Capital	15.6
Mellon Capital	15.5
MIMLIC Asset (Balanced)	15.3
Investment Advisors (Balanced)	15.2

5-year returns

	%
TSA Capital (100% bond)	14.0
Chancellor (Stockshift 200)	14.0
Seaboard Invst. (Balanced)	13.9
J.P. Morgan Invst.	13.9
QuantiLogic Asset	13.8
Bankers Trust (Actively mgd.)	13.0
Mellon Equity (Quant.)	12.2
Mellon Capital	12.2
TSA Capital (50 stock/50 bond)	11.5
Chancellor (Stockshift 150)	11.4

10-year returns

	%
Wagstaff, Lodefink (Balanced)	20.3
J.P. Morgan Invst.	19.8
Chancellor (Assetshift 65)	19.1
Wells Fargo Nikko (U.S.)	18.9
PanAgora Asset (Sys.)	18.6
Rightime Econometrics	18.4
Penteq (Stocks/cash only)	18.2
Renaissance Invst. (Three-way)	16.6

The consultants directory will appear Nov. 9.

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Top PIPER commingled equity funds

Growth

3-month returns

	%
First Commercial	2.3
First Union Nat'l (Enhanced)	2.1
S&P 500	**1.9**
Bank of Waukegan	1.8
Crestar Bank	1.7
RCB Trust (Dividend)	1.5
Fifth Third Bank	1.3
NBD Bank	1.2
FirsTier Bank, Lincoln	1.1
Wesbanco Bank Wheeling	1.1
Centura Bank	1.1
Russell 2000	**−6.8**

1-year returns

	%
Princeton Bank (Emerg.)	38.2
Fiduciary Trust (Special)	30.3
Bankers Trust (Sm. cap.)	29.4
RCB Trust (Sm. cap.)	27.9
Chancellor (Em. health)	25.9
Qualivest Capital	24.8
Norwest Bank (Sm. co.)	24.6
Equitable Capital (Special)	23.1
Metropolitan Life (Cap. app.)	23.0
IDS Trust (Emerg.)	22.8
Russell 2000	**14.5**
S&P 500	**13.4**

5-year returns

	%
Chancellor (Em. health)	20.4
Fiduciary Trust (Special)	19.4
First Wisconsin Asset (Emerg.)	18.2
Equitable Capital (Special)	16.6
Shearson Lehman (Small cap.)	15.8
IDS Trust (Core)	15.8
Chancellor (Select)	15.4
Shearson Lehman (Flexible)	15.2
Chancellor	15.0
Lincoln Nat'l (Select)	14.9
S&P 500	**9.7**
Russell 2000	**4.8**

10-year returns

	%
Sunbank Capital	25.9
Connecticut Nat'l (Small cap.)	21.6
Norwest Bank (Small co.)	20.9
Chancellor	20.8
First Wisconsin Asset (Small co.)	20.3
Associated Bank (P/PS)	19.3
Guardian Insurance (Variable A)	19.2
Equitable Capital (Special)	19.2
Equitable Capital (S.A. 4)	19.2
Investment Trust	19.1
S&P 500	**18.5**
Russell 2000	**13.7**

Value

3-month returns

	%
Provident Mutual (S.A. 1)	6.5
Summit Bank	4.9
Merus Capital (Income)	4.5
Sunbank Capital (Income)	4.1
John Hancock Mutual (Concen.)	3.7
Mass. Mutual (Core)	3.5
Weststar Bank	3.4
Gary Wheaton Bank (Hedged)	3.4
John Hancock Mutual (Divers.)	3.3
Wilmington Trust	3.2
S&P 500	**1.9**
Russell 2000	**−6.8**

1-year returns

	%
U.S. Nat'l Bank/Galveston	26.6
Sunbank Capital	25.8
New York Life (S.A. 6)	24.8
Second Nat'l Bank	20.2
Trust Co./West (Valued added)	19.9
Pacific NW Trust Co.	19.8
Connecticut Mutual Life	19.5
Jefferson Nat'l Bank	19.5
Associated Bank (P/PS)	19.5
Marinvest (Total return)	19.3
Russell 2000	**14.5**
S&P 500	**13.4**

5-year returns

	%
U.S. Nat'l Bank/Galveston	16.4
First Nat'l Bank/Amarillo	15.4
Associated Bank (P/PS)	15.4
State Street Asset (Matrix Syn.)	14.9
John Hancock Mutual (Divers.)	12.9
Mass. Mutual (Sm. cap.)	12.4
RCB Trust (Cap. apprec.)	12.2
RCB Trust (Total return)	12.1
NBD Trust Co./Illinois	12.1
Associated Kellogg Bank	12.1
S&P 500	**9.7**
Russell 2000	**4.8**

10-year returns

	%
U.S. Nat'l Bank/Galveston	21.2
First Nat'l Bank/Amarillo	20.6
John Hancock Mutual (Divers.)	20.5
Chancellor	20.1
John Hancock Mutual (Concen.)	20.0
Connecticut Mutual	20.0
Merus Capital (Income)	19.7
Provident Mutual (S.A. 1)	19.4
NationsBank (Income)	19.2
Merus Capital (Inc./gro.)	19.1
S&P 500	**18.5**
Russell 2000	**13.7**

Other equity

3-month returns

	%
Connecticut Mutual (Select)	8.1
Associated Bank (P/PS regional)	6.8
CNA Insurance (S.A. A)	3.3
Southwest Nat'l of Pa. (E)	3.1
Chancellor (Multifact)	2.7
Markston Invst. (V.A.)	2.5
PW Trust (Conserv.)	2.5
The New England (S.A.)	2.3
UBS Asset (CMB and fixed))	2.2
Wells Fargo Nikko (S.A. free)	2.2
S&P 500	**1.9**
Russell 2000	**−6.8**

1-year returns

	%
Deposit Guaranty (Sp. opp.)	37.4
Meridian-Pa. (Quest)	34.7
Associated Bank (P/PS regional)	31.6
Wellington Trust (Sp. sit.)	30.3
Markston Invst. (V.A.)	23.3
Lincoln Nat'l (Sp. opp.)	20.1
Chancellor (Multifact)	19.8
Meridian	19.7
The New England (Cap. gro.)	19.5
Mellon Equity (Active core)	18.6
Russell 2000	**14.5**
S&P 500	**13.4**

5-year returns

	%
Bankers Trust (Minority)	24.1
Meridian (Quest)	18.7
Markston Invst. (V.A.)	16.7
Wellington Trust (Sp. sit.)	16.4
Deposit Guaranty (Sp. opp.)	15.3
Lincoln Nat'l (Sp. opp.)	13.6
Meridian	13.5
Markston Invst. (Long-term gro.)	11.9
The New England (Cap. gro.)	11.4
Chancellor (Multifact)	11.1
S&P 500	**9.7**
Russell 2000	**4.8**

10-year returns

	%
The New England (Cap. gro.)	20.5
Markston Invst. (Long-term gro.)	19.8
Mellon Equity (Active core)	19.5
Meridian	19.4
Chancellor (Indexplus)	19.2
Wesbanco Bank Wheeling (B)	19.0
Nationwide Life Insurance	18.9
Bankers Trust (S&P 500 index)	18.6
First Interstate (Index)	18.5
Wells Fargo Nikko (Index)	18.5
S&P 500	**18.5**
Russell 2000	**13.7**

Top PIPER commingled fixed-income funds

Limited duration

3-month returns

	%
First Bank of Milwaukee	4.6
Old Second Bank	4.3
Continental Bancorp	4.2
Prudential (Struc. mat.)	4.1
Salomon Broad	**4.1**
Security Nat'l Bank	4.0
First Tennessee Bank	4.0
Mercantile Nat'l of Indiana	4.0
Chancellor	4.0
Penn Mutual (S.A. C)	3.9
Pioneer Bank	3.8

1-year returns

	%
Southwest Nat'l Bank of Pa.	16.1
Penn Mutual Life (S.A. C)	14.9
First Bank of Milwaukee	14.7
Salomon Broad	**14.2**
Security Nat'l Bank	13.9
Continental Bancorp, Phil.	13.8
Security Nat'l Bank (II)	13.5
Shearson Lehman (IF-2)	13.4
Prudential (Struc. mat.)	13.2
Wesbanco Bank Wheeling	13.1
Mercantile Nat'l of Indiana	13.1

5-year returns

	%
Salomon Broad	**10.6**
Mercantile Safe Deposit	10.1
Prudential (Struc. mat.)	10.1
Security Nat'l Bank	10.0
Wesbanco Bank Wheeling	10.0
Old Second Bank	9.9
Old Second Bank (HR 10)	9.9
Trustmark Nat'l Bank	9.9
Security Nat'l Bank (II)	9.9
First Tennessee Bank	9.8
Continental Bancorp, Phil.	9.8

10-year returns

	%
Salomon Broad	**13.6**
Wesbanco Bank Wheeling	13.1
Pioneer Bank	12.7
Mercantile Safe Deposit	12.6
Central Banks (Treas./agency)	12.5
Old Second Bank	12.4
Old Second Bank (HR 10)	12.1
First Tennessee Bank	12.0
First Wisconsin (Port. short/inter.)	12.0
Chancellor	11.9
Associated Kellogg Bank	11.8

Intermediate duration

3-month returns

	%
FirsTier Bank-Omaha	4.5
Manufacturers Nat'l	4.5
Team Bank	4.5
UBS Asset (CMB)	4.4
Key Trust Co. of Alaska	4.3
First City, Texas	4.3
NationsBank (Mtg.-backed)	4.3
The New England (S.A.)	4.2
Wellington Trust	4.2
Norwest Bank (Mgd.)	4.2
Salomon Broad	**4.1**

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1-year returns

	%
The New England (S.A.)	16.3
Key Trust Co. of Alaska	15.3
UBS Asset (CMB)	15.3
Key Trust of the NW	14.6
NationsBank (Mtg.-backed)	14.6
Salomon Broad	**14.2**
FirsTier Bank-Omaha	14.1
Boatmen's Trust (J)	14.1
Wellington Trust	14.0
CIGNA Invst. (Active)	13.9
Manufacturers Nat'l	13.8

5-year returns

	%
NationsBank (Mtg.-backed)	11.6
The New England (S.A.)	10.9
Cullen Bank	10.6
Salomon Broad	**10.6**
CIGNA Invst. (Active)	10.5
Wellington Trust	10.5
LaSalle Street Capital (Gov't)	10.3
Crestar Bank	10.3
Princeton Bank	10.3
First Nat'l/Omaha (Laddered)	10.3
Key Trust Co. of the NW	10.2

10-year returns

	%
CIGNA Invst. (Active)	13.8
First Nat'l/Omaha (Laddered)	13.6
Columbus Bank	13.6
Salomon Broad	**13.6**
The New England (S.A.)	13.2
General American (Com. mtg.)	12.8
Cullen Bank	12.8
Norwest Bank (Mgd.)	12.8
FirsTier Bank-Lincoln	12.5
General American	12.5
LaSalle Street Capital (Gov't)	12.4

Broad market

3-month returns

	%
Chancellor (Mtg. sec.)	5.1
Manufacturers Affiliated	5.0
Manufacturers Nat'l	5.0
The Principal	4.9
First Interstate (Mgd.)	4.8
Southtrust Bank of Alabama	4.7
Citizens Fidelity Bank	4.7
Colorado Nat'l Bank	4.7
J.P. Morgan Invst. (Tactical)	4.7
Puget Sound Nat'l Bank	4.7
Salomon Broad	**4.1**

1-year returns

	%
Wellington Trust (Emerg.)	18.8
Beverly Trust	17.0
Investment Trust	16.6
Aetna Life	16.6
Metropolitan Life (S.A. 41)	16.6
Maunfacturers Affiliated	16.3
Manufacturers Nat'l	16.3
Prudential (Privest)	16.3
Puget Sound Nat'l	16.1
Phoenix Home Life (Mgd.)	15.7
Salomon Broad	**14.2**

5-year returns

	%
General American (Private place.)	11.9
Aetna Life	11.9
Beverly Trust	11.6
First Nat'l Bank/Amarillo	11.6
J.P. Morgan Invst.	11.5
First Nat'l Bank of Maryland	11.5
The Principal	11.5
J.P. Morgan Invst. (Tactical)	11.3
IAA Trust	11.3
Prudential (Privest)	11.3
Salomon Broad	**10.6**

10-year returns

	%
Meridian	15.5
IAA Trust	14.9
Beverly Trust	14.7
Prudential (Privest)	14.7
First Nat'l Bank/Amarillo	14.7
First Kentucky	14.4
Colorado Nat'l Bank	14.4
Aetna Life	14.3
Society Nat'l Bank	14.3
John Hancock (1D)	14.3
Salomon Broad	**13.6**

Foreign stock exchanges will be highlighted in the Sept. 14 issue.

Long duration

3-month returns

	%
Prudential	6.2
Boatmen's Trust (F)	5.5
UBS Asset (CMB)	5.0
Transamerica Invst.	4.8
Life of Virginia Aon	4.8
Lincoln Nat'l	4.7
IDS Trust	4.6
United States Trust/N.Y.	4.6
Salomon Broad	**4.1**

1-year returns

	%
Prudential	21.9
Boatmen's Trust (F)	19.9
Lincoln Nat'l	18.8
Transamerica Invst.	17.7
UBS Asset (CMB)	17.3
Life of Virginia Aon	17.0
United States Trust/N.Y.	16.7
NationsBank	16.6
Salomon Broad	**14.2**

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Equity Returns For Periods Ending 12/31/91

	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years
NationsBank	35.7	17.6	23.0	21.0	18.9	19.4
S&P 500	30.5	12.4	18.5	18.0	15.4	15.9
Percentile Rank	30	20	15	19	8	3

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For more information, contact
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Franklin pays full price for Templeton name

By Anne Schwimmer

Franklin Resources Inc. is paying a good penny to acquire Templeton, Galbraith & Hansberger Ltd.

The $913 million purchase price, if approved by shareholders, is five times Templeton's historical revenues, 4.1% of assets under management and 13 times pretax earnings, according to Bruce Cameron, a principal at Berkshire Capital Corp., New York. Berkshire Capital, an investment banking boutique that specializes in the financial services industry, was not involved in the deal.

Templeton, with $21 billion under management — $20 million of that in tax-exempt assets — is a leader in international equity mutual funds. Franklin, with $65 billion under management — $30.5 billion of that in tax-exempt assets — handles primarily U.S. fixed-income investments for its mutual fund clients.

Franklin paid "a pretty full price," Mr. Cameron said. "Templeton has been growing, it's got an excellent reputation, but the multiples are still high."

When Massachusetts Mutual Life Insurance Co. purchase Oppenheimer Management Corp. in late 1990, it paid $157.5 million. That was about two times its revenues, 1.2% of assets under management and 7.5 times pretax earnings, sources said. Earlier this year, T. Rowe Price Associates Inc. acquired the mutual fund operations of USF&G Corp. for $12 million. The price paid was 2.07 times revenues and 1.7% of assets under management, according to sources.

Chuck Johnson, senior vice president at Franklin, said the acquisition will be financed with $350 million in senior bank debt (led by co-agents Chemical Bank and Bank of America) and by $150 million in subordinated convertible bonds. Of the bonds, $100 million was sold to Hellman & Friedman Capital Partners II — a fund managed by Hellman and Friedman, San Francisco, whose investors are mostly pension funds. The remaining $50 million was bought by one of the participants in the fund. Mr. Johnson declined to name the investor.

Said Warren Hellman, general partner at Hellman & Friedman: "We like the money management business. When the opportunity to invest in Franklin came along, it fit our general investment objectives. . . . From every standpoint it seems to be an attractive opportunity for us."

Another $75 million in stock will be sold to three major Templeton shareholders, including Mr. Templeton and his son.

The remaining $338 million will be paid in cash, Franklin's Mr. Johnson said.

Mr. Johnson said Franklin is pleased with the acquisition. "We paid it so we're obviously satisfied," he said. "Companies of this caliber and this size rarely come on the market. They're not really sold.

"The Templeton organization and the Templeton name (are) such a marquee, we feel that even at the price we paid we got a good value," Mr. Johnson said.

Franklin initially intends to continue to run the two businesses as separate operations, Mr. Johnson added.

Mr. Johnson said: "(Templeton has) been offshore and building up a presence around the globe years before anyone else. . . . We feel strategically that in order to maintain competitiveness in the money management business, you're going to need global capabilities. We feel this is a very inexpensive way to obtain that knowledge." ■

Despite its playful reputation, Colorado's River Otter is actually a remarkable predator. By slowing its own pulse, it can remain underwater 2-3 minutes while its agility is used to capture even the swiftest prey.

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PIPER

5-year returns

	%
Transamerica Invst.	12.5
Boatmen's Trust (F)	12.0
Prudential	11.9
Second Nat'l Bank	11.6
United States Trust/N.Y.	11.1
UBS Asset (CMB)	10.8
UBS Asset (CMB securitized)	10.8
Salomon Broad	**10.6**

10-year returns

	%
Transamerica Invst.	16.7
United Capital	15.9
Boatmen's Trust (F)	15.7
Life of Virginia Aon	15.1
Equitable Capital (Strategic)	14.4
Salomon Broad	**13.6**

Other fixed-income 3-month returns

	%
Barnett Banks	4.4
UBS Asset (CMB index)	4.1
Travelers (Index)	4.1
Bankers Trust (Lehman index)	4.1
Salomon Broad	**4.1**
ASB Capital (Total return)	4.0
First Wisconsin (Structured)	3.8
Connecticut Mutual (Dimens.)	2.3

1-year returns

	%
First Wisconsin (Structured)	17.9
Connecticut Mutual (Dimens.)	17.0
Barnett Banks	15.2
UBS Asset (CMB index)	14.5
ASB Capital (Total return)	14.3
Bankers Trust (Lehman index)	14.2
Salomon Broad	**14.2**
Travelers (Index)	14.0

5-year returns

	%
First Wisconsin (Structured)	11.5
UBS Asset (CMB index)	10.7
ASB Capital (Total return)	10.7
Barnett Banks	10.6
Salomon Broad	**10.6**
Bankers Trust (Lehman index)	10.4

10-year returns

	%
ASB Capital (Total return)	14.3
Salomon Broad	**13.6**

PIPER equity accounts

Periods ended June 30

International

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	15.3	43.9	26.9	18.0	27.1
First quartile	5.7	14.4	9.4	8.0	21.0
Median	4.2	7.2	6.0	6.0	20.0
Third quartile	2.6	1.1	1.7	3.2	18.0
Lowest return	-5.8	-16.0	-3.7	-2.6	14.9
MSCI Eafe	2.2	-0.3	-2.9	0.9	19.0
FTA Europe & Pacific	1.7	-1.8	-3.5	0.6	18.9

Global

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	15.7	37.0	19.6	14.1	23.4
First quartile	5.0	16.7	10.9	9.3	21.1
Median	3.1	11.7	8.2	8.0	20.6
Third quartile	0.6	7.6	7.1	5.4	18.2
Lowest return	-1.0	-4.1	-3.2	1.1	13.3
MSCI World	1.9	4.8	2.6	4.0	18.0
FTA World	1.4	4.2	2.3	3.9	16.8

KIMBERLY MART

PIPER managed equity accounts

Periods ended June 30

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.3	44.0	36.9	35.1	29.9
First quartile	0.9	17.5	15.3	12.4	20.3
Median	-1.4	14.2	12.1	10.4	18.6
Third quartile	-4.6	11.0	9.6	8.8	17.0
Lowest return	-17.7	-34.0	-2.3	1.0	10.7
S&P 500	1.9	13.4	12.4	9.7	18.5
Russell 2000	-6.8	14.5	6.1	4.8	13.7

Growth

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.6	38.9	36.9	25.8	29.9
First quartile	-1.6	18.7	18.7	13.8	20.6
Median	-3.8	13.7	14.9	11.2	18.9
Third quartile	-7.6	10.4	11.3	9.2	16.6
Lowest return	-17.7	-4.7	0.5	1.2	10.7

Value

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	10.8	44.0	19.5	33.7	24.3
First quartile	1.7	18.2	12.8	11.6	20.0
Median	-0.1	14.6	10.8	10.1	18.4
Third quartile	-1.8	11.8	8.7	8.6	17.2
Lowest return	-10.9	-3.8	-2.3	3.5	12.5

KIMBERLY MART

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Index managers post slight gains in assets

By Sabine Schramm

Index fund assets grew only modestly during the six months ended May 31, continuing a sluggish cycle that began a year ago.

Total indexed assets for the 56 leading fund managers surveyed by *Pensions & Investments* increased 9.4% to $392.4 billion from $358.8 billion for 52 managers surveyed Dec. 1. For managers included in both surveys only, the increase was 8.3% with $388.9 billion in assets as of May 31.

Although stronger than the 4.9% gain in the previous survey, the increase is far below the 25% gain of a year ago.

U.S. institutional tax-exempt assets account for 90%, about $353 billion, of the indexed assets reported.

International indexed equity funds, which made the strongest gains in previous periods, continued to lead. In the six months ended May 31, assets grew 16.4% to $41.6 billion from $35.8 billion Dec. 1. When adjusted for the 4% growth in the Morgan Stanley Capital International Europe Australia Far East Index, international indexed equities gained 12%.

"International investing is alive," said Fred Grauer, chairman and chief executive officer at Wells Fargo Nikko Investment Advisors, San Francisco. Mr. Grauer noted that although the weighting of Japan in international indexes was an issue, demand for international equity index funds was re-accelerating.

The use of international indexing as a tool for diversification continues among institutional investors, although not at the same level as a year ago when international indexed assets grew 35%.

During the past 12 months, searches for managers in both active and indexed international equity has been fairly level, according to the Tracker data base of Eager & Associates, Louisville, Ky. For the six-month period ended Nov. 30, 16.9% of international equity assets were placed with index managers, while 13% were placed with index managers for the six-month period ended June 1, with average placements of $41.5 million and $50 million respectively.

Although some institutional investors have moved to customized indexes to reduce the volatility of Japan's weighting, the majority of international equity placements have been with active managers, according to the Tracker data.

"There is more ability on the part of active managers to underweight Japan," said Don Brackey, principal at William M. Mercer Asset Planning Inc., Chicago.

Total assets for domestic indexed equity assets grew 9.5% for the six months to $253.6 billion. When adjusted for the 12.3% rise in the Standard & Poor's 500 Stock Index, however, assets actually fell −2.5%. In the six-month period ended Dec. 1, equity indexed assets grew a market-adjusted 5.3%.

Although domestic fixed-income indexed assets grew a more modest 6.1% to $95.2 billion from the previous $89.8 billion, market-adjusted growth was only 1.6%. The Lehman Brothers Government/Corporate Bond Index rose 4.4% in the six months.

"Indexing is treading water, there's some money going in and some going out," said Mr. Brackey. He does not see any meaningful trend toward or away from indexing at this point.

Wells Fargo Nikko continues to lead index managers overall with $114.6 billion in indexed assets and continues to be the only one with more than $100 billion in indexed assets.

Looking at trends in indexing as a whole, Mr. Grauer sees continued growth, and a possible resurgence in bond indexing. "Many of the basic trends that moved investors to indexing remain in place," he said, although noting demand for services is cyclical.

The domestic equity index assets managed by The Vanguard Group Inc., Valley Forge, Pa., jumped 42% from the assets reported Dec. 1, the largest percentage increase by the managers surveyed. Although most of the mutual fund manager's new equity index business is from retail clients, "defined contribution plans are coming in as a bigger factor," said Gus Sauter, vice president of Vanguard's core management group. "Defined contribution plans with participant selection are retail oriented," Mr. Sauter pointed out. "Right now, indexing is a small percentage of the mutual fund market, there's room for plenty of growth."

Domestic fixed-income assets for Ryan Labs Inc., New York, rose 43% to $2.2 billion, largely from its liability index fund started in January 1991, according to Ron Ryan, president. In that program, a customized index is created to match the sponsor's term structure of pension liabilities and weighted to the fund's actuarial schedule.

Assets in international fixed-income indexed accounts rose 23.7% to $1.9 billion overall, or almost 18% when adjusted for the 4.9% return of the Salomon Brothers World Government Bond Index.

Much of that growth, however, can be accounted for by the addition of $475 million of indexed assets from Rowe-Price Fleming International Inc., Baltimore, Md. The firm was not included in the previous survey.

Excluding those assets, international fixed-income assets actually fell −11% when adjusted for market growth.

Within indexing itself, investors are diversifying their index portfolios. "Investment plans are expanding their index core," said Paul Magnuson, index fund manager at NationsBank, Dallas. Although the S&P 500 is the most used index, Mr. Magnuson notes funds are shifting some of those assets into middle-capitalization stock, small-cap stock, customized and international indexes. ■

Leading index fund managers

($ millions)

Company	Total	Domestic equity	Domestic fixed income	Int'l equity	Int'l fixed income
Wells Fargo Nikko	114,618	71,402	30,570	12,529	117
Bankers Trust	74,046	59,380	9,496	5,056	116
State Street	31,289	19,580	2,483	13,403	265
Mellon Capital	32,049	23,202	7,185	902	0
ANB*	13,752	11,247	1,769	736	0
PanAgora	11,385	6,830	3,226	1,293	36
Vanguard	9,504	8,239	900	365	0
Alliance	9,446	8,191	22	1,233	0
Mellon Bond	8,223	0	8,223	0	0
Lincoln Capital	8,100	0	8,100	0	0
Dimensional Fund	6,661	4,868	1,016	777	0
GE Investment	6,454	6,454	0	0	0
Wilshire	5,700	5,700	0	0	0
Manufacturers National	5,367	4,384	71	912	0
T. Rowe Price	4,430	685	3,270	0	475
Northern Trust	3,414	2,914	500	0	0
BEA	2,953	1,574	1,340	39	0
UBS (Chase)	2,850	1,715	625	510	0
First Wisconsin	2,740	140	2,600	0	0
Travelers	2,551	1,217	656	425	253
Ryan Labs	2,287	0	2,287	0	0
Miller, Anderson	2,224	0	2,224	0	0
Pacific Investment	2,000	2,000	0	0	0
Advanced Investment	1,886	1,872	14	0	0
PDI	1,741	1,388	0	353	0
Boston International	1,637	0	0	1,637	0
Prudential Fixed	1,360	0	1,360	0	0
Fidelity	1,315	1,260	56	0	0
Axe Core	1,300	468	0	832	0
CIGNA	1,250	1,250	0	0	0
Chancellor	1,232	1,033	165	34	0
Sears	1,224	1,224	0	0	0
Putnam	1,189	0	1,189	0	0
Metropolitan Life	1,166	921	245	0	0
Security Capital	1,013	0	818	0	195
Atlantic Portfolio	921	0	921	0	0
Aetna	900	420	138	342	0
Harris Trust	900	500	400	0	0
WR Lazard	854	0	854	0	0
Lehman Ark	817	0	817	0	0
Boatmen's	797	677	120	0	0
Mitchell Hutchins	770	129	641	0	0
ASB Capital	768	768	0	0	0
Associated Capital	501	373	128	0	0
Rowe-Price Fleming	475	0	0	0	475
NBD	363	363	0	0	0
First Interstate	357	204	143	10	0
Nikko Capital	302	133	0	169	0
Bank of New York	297	210	80	7	0
Fiduciary Trust	295	0	295	0	0
Todd Investment	279	0	279	0	0
NationsBank	254	249	0	5	0
Rhumbline	181	134	0	47	0
Rushmore	172	172	0	0	0
MTH	115	115	0	0	0
Wright Investors	27	0	0	27	0
Total	**392,385**	**253,585**	**95,225**	**41,643**	**1,932**

* As of Dec. 31

A.TRANCHITA

Buffet's investment has some puzzled

By Lisa Schultz and Barry B. Burr

Renowned investor Warren Buffett's purchase of 15% of General Dynamics Corp. represents a contrarian turn because GD already had a huge runup in its stock price and is in an industry whose market is controlled by the government.

"One wonders if (this stock) meets his principles of investing," said Lan Janecek, chief of equities, Florida State Board of Administration, Tallahassee.

The $29.3 billion public pension fund owns some 228,000 General Dynamics shares, less than 1% of the 28 million shares outstanding. Mr. Janecek said the fund holds most of the shares in index portfolios.

Mr. Buffett, chairman of Berkshire Hathaway Inc., Omaha, Neb., has declined to comment on the purchase, leaving analysts and portfolio managers to speculate on the reason for the buy, a move a contrarian might make in a post-Cold War environment.

"I don't know if he views it as a trading stock or an investing stock," said Wolfgang H. Demisch, managing director, UBS Securities Inc., New York.

"It's not an overwhelming position in Berkshire Hathaway," even though the stake makes Berkshire Hathaway General Dynamics largest shareholder.

The 4.3 million General Dynamics shares have a market value of $323 million, representing about 3% of Berkshire Hathaway's market value of $10.5 billion.

General Dynamics stock was $78 July 29, the same day GD announced it was laying off more than a quarter of its employees at a Texas plant. The stock closed at 74⅛ the day before the July 23 announcement of the purchase. None of the analysts saw any spillover benefits to other defense industry companies; and none changed their opinion of the company because of Mr. Buffett's big buy. Many analysts said, however, his purchase will be favorable for the stock because other investors in general might want to buy the stock to hitch onto the bandwagon of the highly regarded Mr. Buffett.

General Dynamics's stock has underperformed over the last 10 years, ended last Dec. 31. It returned a compound annual 9.1%, compared to an average of 17.1% for 10 other defense companies and 17.6% for the Standard & Poor's 500 Stock Index.

But in the last 18 months, defense industry stocks, especially General Dynamics, have blasted off. Last year, General Dynamics skyrocketed 118.4%, compared to 39.1% for the defense industry and 30.5% for the S&P 500. In the first six months of this year, General Dynamics jumped an actual 48.4%, while the defense industry went up only 3.1% and the S&P 500 fell 0.64%.

See **Buffett** *on page 27*

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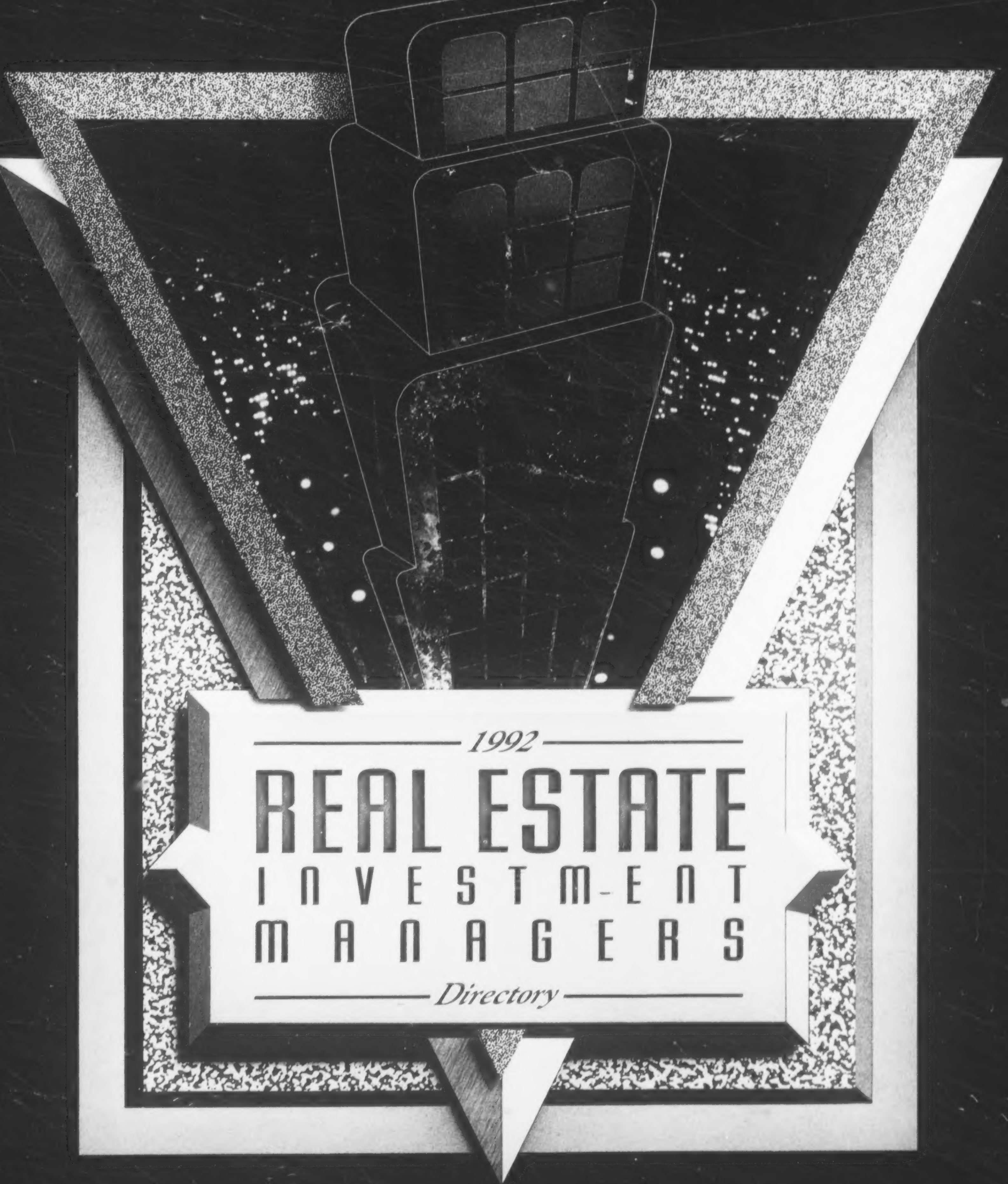
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NEWS DIGEST

DOUGLAS C. KLAUBA

Old-fashioned investors are going the way of Neanderthal man, thanks to an investment industry that stresses theory and security prices over companies. In Commentary, Page 12.

Warren Buffett and Walter Annenberg might see value in Wells Fargo & Co. stock, but money managers aren't jumping on the bandwagon. Page 4.

SPECIAL REPORT: LARGEST REAL ESTATE MANAGERS

The largest real estate money managers lose tax-exempt assets for the first time in 10 years. Page 1.

Managers are decreasing their investments in office buildings, the worst-performing property sector. Page 15.

Two more top executives leave Aldrich, Eastman & Waltch, a firm suffering from some investment returns among the lowest in the industry. Page 15.

FINANCING

The PBGC leaves its mark on the $6.8 billion loan package secured by Chrysler Corp. Page 2.

INTERNATIONAL

The bloody civil war in the provinces of old Yugoslavia is prompting investors to rethink the economic stability of the entire region. Page 3.

Pension executives slow the rate of international manager hires during the first half of 1992, reacting to the poor performance of markets worldwide. Page 3.

Program trading enables a manager to restructure its international equity portfolios in just 11 days while saving about 75% of the normal commission cost. Page 6.

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Consultant survey in the mail

Work has begun on *Pensions & Investments'* annual survey of investment management consultants. The questionnaires were mailed Aug. 21, and are due Sept. 27. The resulting profiles will be published in the Nov. 9 issue of *P&I*. If you want to be included in the directory but have not received a questionnaire, call Karen Waters, directory coordinator, at (312) 649-5240.

Business picks its fights

SEC proxy reform gets 600 letters, but on few issues

By Joel Chernoff

WASHINGTON — With a major overhaul of the nation's proxy rules a virtual certainty, corporate America is focusing its attack on a narrow band of issues.

The issues include rules that would exempt shareholders from reporting oral discussions on proxy votes, a proposal allowing a dissident shareholder to include management nominees on his proxy ballot, and what's viewed by business as an alarming amount of proposed disclosure on executive pay practices.

Meanwhile, public and union pension executives and shareholder groups are jubilant over the proposed changes, and are asking for additions in a few key areas, such as restricting potential liability for shareholders and seeking increased disclosure on compensation paid to corporate directors.

While complete opposition to a thorough reform was a typical stance just a few months ago, big business apparently has accepted the inevitability of the Securities and Exchange Commission overhauling rules affecting shareholder communications and disclosure of executive compensation practices.

Almost 600 comments had been filed with the SEC by late August, with Aug. 31 being the last day for submitting responses to the hefty proposals. SEC Chairman Richard C. Breeden has promised swift action on the rules after 2½ years of debate, and has said the final rules will be in place in time for the 1993 proxy season. That means final rules might be out sometime in October, experts said.

Business efforts to delay adoption are being met with a deaf ear by the SEC. The SEC denied a request by The Business Roundtable, a heavyweight group of top chief executive officers, to seek a 45-day extension of the comment period on the proposed executive pay rules.

In addition, the vitriolic rhetoric contained in some business groups' comments just a year ago appears to have toned down. No longer is there discussion of secret back-room dealings. Instead, comments relate far more to revisions in the proposals, although a few outright oppose the executive pay proposals.

Industry leaders objected strongly to the proposal's eased requirements for shareholder communications. The American Society of Corporate Secretaries Inc., New York, argued the SEC should not confuse "free speech" with the need to provide adequate disclosure to shareholders.

"Speech and disclosure are not antithetical. Under the securities laws they are intended to be complementary," wrote Richard H. Troy, chairman of the corporate secretaries' proxy system committee.

Under current rules, a shareholder contacting more than 10 other shareholders on a proxy

See **Proxies** *on page 33*

No siesta for Mexican market

Trade pact may lead to volatility

By Christine Philip

The Mexican market will be a volatile field until exact terms of the North American Free Trade Agreement are revealed.

"The markets are already hedging their bets and are not discounting a fight in the U.S. Congress," said Robert Meyer, a portfolio manager in the emerging markets group of Morgan Stanley Asset Management, New York. "The Mexican market would be higher now if NAFTA was a certain thing. I would be more heavily weighted in Mexican equities now if I was certain when NAFTA would be ratified. I definitely expect a volatile Mexican market in the next year."

Morgan Stanley has a 10% weighting in Mexico in its emerging markets fund and 35% weighting in the Latin America fund.

NAFTA formally will establish a free trade area among Canada, Mexico and the United States, consistent with the General Agreement on Tariffs and Trade. The agreement will eliminate trade barriers, promote fair competition and provide a mechanism for settlement of trade disputes.

AP/WIDE WORLD PHOTOS

U.S. Trade Representative Carla Hills negotiated NAFTA for the United States.

Mexico is seen as the clear winner by some, benefiting enormously from the terms of the accord.

"This agreement will make a huge, significant difference for Mexico, both for its economy and for its capital markets. It is less important for Canada and the U.S," said Mr. Meyer.

Other investors think the effects of NAFTA will be less significant to Mexico. "Our view is that the FTA is icing on the cake in the view of investment in the U.S., Mexico and Canada," said Soraya Betterton, investment manager for Latin America for G.T. Capital Management Inc., San Francisco. "It is not as if the FTA is starting off with countries that haven't already been trading with each other. Capital investment in Mexico has been increasing in recent years anyway, with relaxation of some trade barriers. Free trade will encourage only marginal relocation by northern companies to Mexico, and it is difficult to find Mexican companies that will be directly affected in a positive way by the agreement."

Citing Mexico's recent poor

See **NAFTA** *on page 31*

PBGC haunts Chrysler banks

By Marlene Givant Star

HIGHLAND PARK, Mich. — Without even being a party to the negotiations, the Pension Benefit Guaranty Corp. left a distinct mark on the $6.8 billion loan package secured by Chrysler Corp. earlier this month.

Chrysler's agreement pledged all of Chrysler Financial Corp.'s assets as collateral — which it hasn't done since 1980 when it needed federal loan guarantees to stave off bankruptcy. The pledge was made largely because bankers were afraid that in the event of another bankruptcy, Chrysler could be seized by federal pension regulators to make up the company's more than $4 billion unfunded pension liability. Now, because of the collateral, the 152 lenders have first crack at the finance subsidiary if trouble arises.

The PBGC has become "the proverbial 10,000-pound gorilla," said Robert Miller, partner at Berlack, Israels & Liberman, a New York law firm. "In cases where there is a big accrued pension fund liability, they've become a real force to be reckoned with."

The PBGC's growing powers also are evident in its involvement with Trans World Airlines Inc.'s efforts to restructure and emerge from Chapter 11 bankruptcy proceedings. TWA has reached agreement with its unions on the proposed restructuring, but the PBGC still wants TWA owner Carl Icahn to provide more backing for the airline's $1.2 billion in pension underfunding before allowing the deal to go through.

Michael Mulvaney, assistant vice president of Moody's Investors Service, New York, said the Chrysler agreement provides "a basis where the company can go on and hopefully begin funding the unfunded (liability). I'm sure (the PBGC) was a factor. I would imagine the banks may well have been

See **Chrysler** *on page 31*

Investors to Bush: Detail spending cuts

Still, election now becomes a horse race

By Curtis Vosti

President Bush's call for tax and spending cuts has met largely with indifference from institutional investors.

Those interviewed shortly after the end of the Republican convention said the president's message will be ineffective unless coupled with specific spending cuts, which Mr. Bush didn't enunciate, and a change in Congress.

And at least one money manager interpreted the stock market slump and the sharp decline of the dollar as signs the markets already believe President Bush will lose the election.

Still, many said the proposal, which includes a taxpayer checkoff for deficit reduction, accomplished what they perceived as the primary convention task of Mr. Bush: set a campaign agenda and narrow the popularity poll gap between him and Democratic challenger Bill Clinton.

"Most of the market participants think there is really not much substance to the president's proposals," said Ian MacKinnon, senior vice president and head of fixed-income investing for The Vanguard Group of Cos., Valley Forge, Pa. "It contained nothing that the president or the Congress seems willing to do."

William H.S. Preece, director of employee financial programs at Abbott Laboratories, Abbott Park, Ill., said, "Most of the capital markets view the deficit as a problem of some sort, and that won't go away with a tax cut.

"The checkoff is seen as not all that effective, and the tax cut is viewed negatively by the bond market, unless there are some hard-core spending cuts."

Still, Mr. Preece believes the election "now seems to be a real horse race."

The call for a tax cut was necessary and positive for the economy, considering two-thirds of the gross national product is driven by consumers, said Norman Benedict, deputy executive director at the Colorado Public Employees' Retirement Association, Denver. "I think (Mr. Bush) realizes he has to delineate a business plan," he said. Mr. Benedict added he was impressed with the president's emphasis on free trade.

Many of those interviewed indicated they thought Mr. Bush's speech helped the president's reelection efforts.

"I think he will get a terrific boost out of the convention," said John Rogers, president of Ariel Capital Management, Chicago.

"It will temporarily boost him a bit," said Martin Sass, chief investment officer of M.D. Sass Investors Services Inc., New York.

Mr. Bush's speech might have lifted his re-election efforts, but it didn't help the stock market. The Dow Jones Industrial Average dipped 50 points Aug. 21, the day after his speech, and 26 points Aug. 24, the next trading day.

While some say the market drop was more reflective of the weak dollar, others said the markets would have bounced back harder if Mr. Bush's program were workable.

"The markets have shrugged off that plan as being unrealistic," Mr. Sass said.

"(Mr.) Bush didn't outline any specifics as far as the spending cuts. I don't believe anyone is taking it seriously, not unless it's disciplined with spending cuts that are really doable.

"What the market hates is uncertainty."

But David Hale, chief economist for Kemper Financial Services Inc., Chicago, believes the message Mr. Bush sent was about as certain as one could get.

"Republicans always have to come out for tax cuts. The question is: Will the voters buy it? They are taking the course to dis-

See **Bush** *on page 33*

AP/WIDE WORLD PHOTOS

Although President and Mrs. Bush reveled in the heady convention atmosphere, his acceptance speech didn't galvanize investors.

AP/WIDE WORLD PHOTOS

The ethnic fighting in Bosnia-Herzegovina is making investors cautious about nearby countries.

Portfolios safe despite war

Global investments largely untouched by Balkan strife

By Marlene Givant Star

Serbia's bloody seizure of large swaths of Bosnia-Herzegovina prompts some investors to question whether the degree of ethnic strife in the Balkans could trigger similar unrest in other countries.

To some extent, the civil war also has stunted the development of neighboring Eastern European markets by scaring away would-be corporate and institutional investors.

Nevertheless, Global Proxy Services Corp., a Boston consulting firm, has been contacted by a group of banks and insurance companies in Croatia and Slovenia and is discussing possible cooperation in structuring deals targeted at U.S. and other Western institutions. To date, few if any U.S. institutions have invested in the former Yugoslav republics and potential activity is on hold until the war ends.

Given that no institutional investors are believed to have investments in the Balkans, unless industrialized Western nations are drawn into the conflict in a major way — which economists and investment managers don't expect — the affect of the war on global portfolio investment overall will continue to be minimal.

"Closed economies such as the former communist countries of Eastern Europe like Bulgaria, Albania and Yugoslavia really had very little economic interaction with outside economies, so the impact of a political shock or even a civil war on the rest of the world will be very limited," said John Greenwood, chief economist of G.T. Capital Management Inc., San Francisco.

He added that Italy and Austria have some companies with small exposures to Yugoslavia, but those markets are not highly weighted in the firm's international portfolios.

Dobrinka Kazgan, research analyst at Emerging Markets Management, Washington, which runs $1 billion for pension funds and individuals, said certain Greek companies also have been affected because half of Greek exports are routed by truck or railway through Yugoslavia.

"Right now it's not affecting our (Greek holdings) but it will be something we will be considering if we look at other Greek companies," she said.

Magten Asset Management Corp., New York, which invests in sovereign debt in emerging markets, is staying on the sidelines because of the war.

"Yugoslavia has sovereign debt we will eventually buy, but that's been put further into the future because of the problems," said Barbara Justiz, managing director of Magten, which runs $550 million in distressed bonds. Magten's only Eastern European exposure is to U.S. dollar-denominated Polish sovereign debt, which comprises 1% to 2% of its emerging markets bond portfolio.

Barbara Morrow, president of Barronett Global Investors Inc., New York, which has holdings in Hungary, Poland and Turkey, said Austria is the only developed

See **Strife** *on page 31*

Low returns cut foreign hirings

By Christine Philip

Pension executives slowed the rate of international manager hires during the first six months of 1992, reacting to the poor performance of markets worldwide.

Consultants, however, expect the slowdown to be only a momentary lull, with activity picking up during the second half.

"Sponsors have tended to allocate by looking over their shoulders at what has happened, not necessarily by looking forward," said Gregory C. Allen, vice president and manager of quantitative consulting services for Callan Associates Inc., San Francisco.

"The underperformance of the international markets over the past two or three years has cooled interest."

The Morgan Stanley Capital International Europe Australia Far East Index returned −0.3% for the year ended June 30 and an annualized −2.9% for the three-year period; the MSCI World Index returned 4.8% and 2.6%, respectively. The Salomon World Government Bond Index's one-year return was 20.5% and for three years, 12.7%; the Salomon World Bond Index returned 21.8% and 12.5%, respectively.

"The schedule has slowed, but you will still see activity, with a lot of public funds moving in," Mr. Allen added.

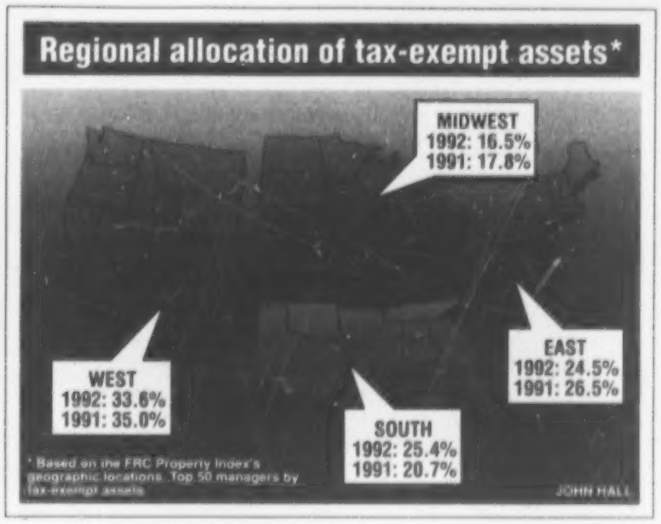
A survey by Greenwich Associates, Greenwich, Conn., found 13% of the 1,568 funds surveyed plan to start using international equities in 1992; another 5% plan to start using international fixed income.

According to Glenn Davis, partner at Eager & Associates, Louisville, Ky., active equities received the most interest in the overseas arena from pension fund investors during the first half of the year.

The firm's Tracker data base found 74 active international equity manager searches during the six months ended May 31; the next most popular searches were for international indexed equities and international active fixed-income, with six searches in each category. During the same period in 1991, there were 77 searches conducted for international active equity managers, nine searches for international active fixed-income managers and seven for international indexed equities.

Mr. Davis and other consultants interviewed said they expect the popularity of active equity management — especially in EAFE countries — to continue. Other

See **Overseas** *on page 32*


Regional allocation of tax-exempt assets*

* Based on the FRC Property Index's geographic locations. Top 50 managers by tax-exempt assets.

JOHN HALL

'Other' big winner in real estate mix

Survey finds most property types tumble

By Steve Hemmerick

Real estate investment managers are decreasing their investments in office buildings, the asset class' worst-performing property sector.

According to *Pensions & Investments'* 10th annual survey of real estate investment managers, the managers had 29% of their assets in office properties as of June 30, down sharply from 36.8% a year earlier.

A substantial part of the decline in exposure to offices could result from the falling value of such properties.

Investments in retail, meanwhile, decreased to 22.7% of assets from 24%, while those in multifamily properties — primarily apartments — dropped to 9.3% from 10.8% a year earlier. The decline in multifamily investing is surprising, because that's one of the few property types for which pension investors have shown any appetite. The change might have come from some real estate money managers that invest in apartments falling out of the list of the top 50 advisers.

Investment in industrial properties declined to 14.3% as of June 30 from 16.6% a year earlier. Hotel and resort investments stayed the same, 2%; land, a new category this year, got 6% of the pot.

The biggest increase in property type came in "other," which includes research and development properties, mobile home parks, timberland, mixed-use buildings and parking garages. Allocations to this miscellaneous category increased to 16.7% as of June 30, from 9.8% a year earlier.

Increasingly, advisers appear to be sticking with existing properties and staying away from developmental ones.

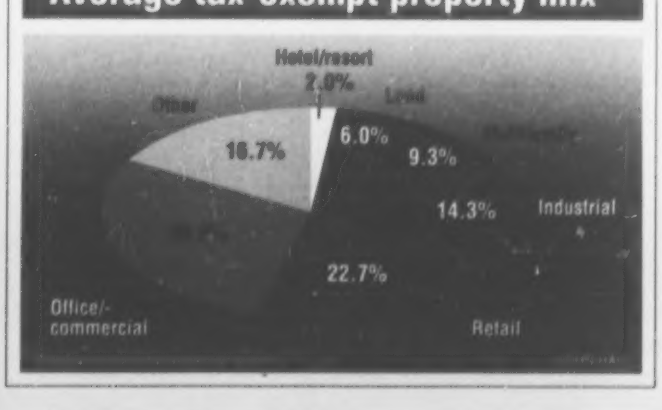
According to the *P&I* survey, among investment managers doing developmental deals, the percentage of assets invested in them declined to 13% as of June 30 from 22% the previous year. At the same time, managers increased their percentage of assets in existing properties to 96% from 93%.

Geographically, the South was the major beneficiary. Real estate money managers said they have allocated 25.4% of their assets to properties in the South, up from 20.7% a year ago.

All other regions showed a decrease: the West fell to 33.6% as of June 30 from 35% a year earlier; the Midwest, 16.5% vs. 17.8% a year earlier; and the East, 24.5% from 26.5%.

The amount of assets advisers are investing in properties for non-U.S. clients declined to $12.7 billion from $17.1 billion. The amount real estate advisers invested in non-U.S. properties declined to $5.3 billion from $7.6 billion.

The number of separate account clients for equity real estate declined slightly, to 354 from 359 the previous year. ■


Average tax-exempt property mix*

AEW taking new direction

Staff losses, low performance make clients wary

By Steve Hemmerick

BOSTON — Two more top executives are leaving Aldrich, Eastman & Waltch as the firm suffers from some investment returns that are among the lowest in the industry.

The tumult at the downsized advisory firm known for its innovative, often leveraged dealmaking has caused some tax-exempt investors to express alarm and to seek advisory fee rollbacks.

AEW, which manages more than $4 billion for clients, has gone through a sharp restructuring that has pushed the firm in new investment directions and has cut 20% of its work force.

AEW has replaced its once broad real estate focus with a specialized one. It now does comparatively few new hybrid investments — once one of its trademark investments in which it has invested $2.2 billion — and few or no joint ventures with developers.

AEW has sent a confidential letter to clients discussing some of the most recent changes. Since January, four directors have left AEW, and two more senior executives — including the firm's president — will leave later this year.

The changes are being watched closely by clients because personnel moves and a firm's morale can be critical indicators of an investment manager's future performance.

Larry Doyle, a former AEW director who left in July, said AEW has been going through a "tremendously difficult time."

He said AEW has done close to $3 billion in workouts on its own real estate portfolios over 18 months. AEW also has written down its portfolios to current market values, he said.

During the AEW upheaval, "I would say a lot of (AEW) people were fairly upset . . . a lot of people left under less than happy circumstances," said Peter Norstrand, a former principal who joined AEW in its beginning year in 1981. Mr. Norstrand, who left in the fall of 1990, now is president of Sun Capital Advisers Inc., Boston, a real estate advisory firm.

"When things get tough you have to pull together. You have to hunker down," said Mr. Norstrand. But that didn't happen at AEW when it was needed, he said.

Charles Burd, a regional investment director who left the firm in June, said if AEW had dealt with its problems earlier, he might still work there.

Lower-than-expected returns from its investments drove some of the changes at AEW. The firm made a couple of investments in Texas "that I personally disagreed with. They just turned out wrong," said Mr. Norstrand.

One — with Centre Development Co. Inc., Dallas — turned into a major disaster for AEW, Mr. Norstrand said.

AEW had been a major financial partner for Centre since the mid-1980s. But last year, Centre, burdened with heavy debt, announced it was disbanding.

According to the Dallas Business Journal, AEW in February 1991 took over control of CentrePort in Dallas, Centre's signature development. AEW acquired more than 125 acres of buildings and vacant land.

In an interview this month, Peter Aldrich, AEW president, declined to discuss the Centre investment, saying it would violate client confidentiality.

AEW dealmaking also has turned sour on some of the closed-end commingled real estate funds it manages for State Street Bank and Trust Co., Boston.

For the year ended March 31, the median return for closed-end funds in the PIPER universe was −7.7%. For the same period, AEW-State Street Real Estate Fund II returned −35.7%, AEW-State Street Fund V returned −29.7%; AEW-State Street Fund VI returned −21.9%; AEW-State Street Fund IV returned −15.7%; and AEW-State Street Funds I and III returned −9.4%.

AEW had been lauded by other real estate managers and consultants in the 1980s for its innovative deals, joint-ventures and capitalization of developers.

But some of those deals, and particularly the use of debt, later aggravated investment performance problems for AEW, said Joseph Azrack, AEW chief investment officer.

In 1990, AEW executives found Dallas "wasn't a lot of fun" because the Dallas real estate market didn't rebound as expected, said Mr. Azrack. In 1991, AEW did "serious remedial" work on its California portfolio, and the firm still finds the New York area challenging, he said.

Troubled performance and personnel changes have caused concern among some AEW clients.

Dan Gallagher, an investment officer with the $3.5 billion Los Angeles City Employees' Retirement System, said of AEW's personnel changes, "We're always concerned about what the potential impact might be when people of substance leaves a firm." He said the system's trustees are awaiting a report on AEW from its consultant. The retirement system has $20 million with AEW.

The $12 billion Western Conference of Teamsters Pension Trust, Seattle, "is looking at its options right now," Joseph Ballew, first executive director, said about poor investment performance from AEW and other real estate advisers.

Mr. Ballew said his fund isn't happy about AEW's performance, and he is considering reducing the fees of underperforming real estate managers. He declined to be more specific. He said his fund's investment with AEW is very small.

Dorothy Holt, pension administrator for the $130 million Fort Lauderdale (Fla.) General Employees Retirement System, said her fund has received a letter from Mr. Ballew's fund asking about seeking a retroactive reduction in fees for investors in AEW-State Street funds. Mr. Ballew fund would not comment on the letter.

Ms. Holt said her fund, which has $2 million in AEW-State Street Fund VI, is concerned about AEW's performance and personnel changes. She said the fund hasn't taken any action on the Teamsters letter yet, but she noted AEW recently approved a fee reduction on cash held for the amount above 15% of the original investment by investors in

See **AEW** *on page 26*

TOM REED

Peter Aldrich has overseen a dramatic restructuring in the realty firm he founded.

Execs won't be replaced after leaving realty firm

Since January, Aldrich, Eastman & Waltch, Boston, has lost four executives, with two more expected to leave later this year.

Bill Helm, AEW president and chief operations officer, and Michael Steinberg, a longtime AEW director, will be leaving before year end.

Larry Doyle, another director, left in July, and Charles Burd, a regional investment director, left in June.

None of them is being replaced, and their responsibilities are being distributed among existing employees, said Peter Aldrich, a partner and a founder of the firm.

Mr. Helm said he is leaving because he wants to be a sole chief executive officer at a company. He said that even though he is leaving, he will continue to be a director and a shareholder. Mr. Helm said his leaving is "totally voluntarily."

Mr. Steinberg is leaving Sept. 30 to return to law practice at Goodwin, Procter & Hoar, Boston. Mr. Steinberg said law "was his first love."

Since his departure, Mr. Doyle has become a part owner of the Swansea Country Club golf course in Swansea, Mass.

Joseph Azrack, AEW chief investment officer, said Mr. Burd, who had been responsible for investments principally in Texas, left after he declined to move to Los Angeles.

Mr. Burd described his leaving as a "mutual split."

In January, directors Bruce Freedman and Christopher Soles left.

According to Renny Merritt, an AEW director, Mr. Freedman's decision to leave was a mutual one, and Mr. Soles left because his position had been eliminated.

— Steve Hemmerick

Real estate investment advisers ranked by tax-exempt assets*

(As of June 30)

	Tax-exempt assets ($ mils.)					Taxable/tax-exempt assets ($ mils.)			
Company	Total	Equity	Hybrid debt	Mortgage	Fully discretionary	Total	Equity	Hybrid debt	Mortgage
1. Equitable Real Estate	10,981	10,119	31	831	10,981	34,153	18,420	1,253	14,480
2. JMB Institutional Realty	8,910	8,756	154		8,307	9,168	9,023	145	
3. Copley Real Estate	8,750	8,750			8,713	14,067	14,067		
4. Heitman Advisory	6,912	6,150	700	62	3,384	7,443	6,681	700	62
5. Prudential Realty Group	5,863	5,377		486	5,483	41,586	15,210	208	26,168
6. GE Investments	4,700	4,150	150	400	4,700	4,700	4,150	150	400
7. Yarmouth Group	4,505	4,325	180		3,950	7,355	6,875	480	
8. RREEF	4,454	4,395	59		3,077	4,943	4,827	116	
9. LaSalle Advisors	4,300	3,580	720		2,500	4,300	3,580	720	
10. Aldrich, Eastman & Waltch	3,980	915	2,325	740	1,500	4,080	1,000	2,285	795
11. TCW Realty Advisors	3,865	3,466	399		2,556	3,865	3,466	399	
12. Aetna	3,713	3,058	507	148	3,070	25,250	5,137	747	19,366
13. Alex. Brown Kleinwort Benson	3,300	1,815	914	571	988	3,300	1,815	914	571
14. Corporate Property Investors	2,702	2,500		202	2,702	4,616	4,300		316
15. O'Connor Group	2,491	2,291	200		989	2,632	2,432	200	
16. Jones Lang Wootton	2,255	1,912	343		743	2,255	1,912	343	
17. McMorgan	2,017	393		1,624		2,017	393		1,624
18. Sentinel Real Estate	1,903	1,817		86	1,343	2,226	2,130		96
19. CIGNA	1,820	1,670	146	4	1,246	15,579	2,644	1,335	11,600
20. L&B Real Estate	1,777	1,622	155		872	1,779	1,624	155	
21. J.P. Morgan	1,668	706	962		1,600	1,760	706	1,054	
22. Latimer & Buck	1,439	256	455	728	826	1,439	256	455	728
23. MIG Realty Advisors	1,367	1,185	51	131	523	1,367	1,185	51	131
24. Balcor	1,330	700	630			4,045	2,514	630	901
25. Hancock Timber Resource	1,305	1,305			1,305	1,315	1,315		
26. INVESCO Reaty Advisors	1,161	476	460	225	375	1,161	476	460	225
27. Boston Co.	1,086	406	680		314	1,086	406	680	
28. Kennedy Associates	1,035	788	197	50		1,035	788	197	50
29. Metropolitan Life	952	952			909	28,800	12,000		16,800
30. Mellon/McMahan*	881	664	100	117	426	1,049	782	136	131
31. AMB Institutional	879	818	61		242	1,586	1,524	62	
32. Metric Institutional	803	778	11	14	803	2,345	2,320	11	14
33. L.J. Melody	791	253	227	311		1,934	253	276	1,405
34. Kensington Realty	788	372	403	13	694	788	372	403	13
35. CB Commercial Realty	780	745	26	9	536	780	745	26	9
36. PMRealty Advisors	718	649		69	635	758	689		69
37. Campbell Group	710	710			710	710	710		
38. Wells Fargo Realty	682	492	182	8	233	682	492	182	8
39. Cabot Partners L.P.	676	676			676	759	759		
40. Phoenix Home Life	660	252	154	254	412	2,182	532	605	1,045
41. Schroder Real Estate	640	640			460	1,040	1,040		
42. PSI Institutional	622	622				622	622		
43. ASB Capital Management	611	462	149		88	611	462	149	
44. NationsBank	611	558	51	2	564	611	558	51	2
45. Karsten Realty	560	529	20	11	560	720	689	20	11
46. Property Capital	554	413	115	26	554	808	508	274	26
47. Trammell Crow Realty Advisors	548	548			424	2,360	2,360		
48. Citicorp Real Estate	528	468	59	1	379	850	790	59	1
49. Dreyfus Realty	513	485	28		503	513	485	28	
50. Union Labor Life	462			462	462	662			662
51. Eastdil Realty	449	424	19	6	346	4,388	2,104	2,079	205
52. Resource Investments	413	413			413	413	413		
53. Endowment Realty Investors	362	306	56		362	362	306	56	
54. Birtcher Realty	358	218		140	268	358	218		140
55. Dusco	340	340			340	1,052	1,052		
56. State Street Bank	307	181	126		307	403	237	166	
57. FFCA Institutional Advisors	301	232	69		301	1,165	1,010	155	
58. Thomas	285	225	60			285	225	60	
59. Coventry Realty	282	282			48	304	304		
60. Capital Consultants	279	47	91	141	279	303	45	111	147
61. Standard Life	277	194		83	277	4,904	866		4,038
62. Amli Institutional Advisors	249	249				644	644		
63. Wachovia Bank/North Carolina	214	214			214	227	227		
64. Hancock Realty	205	205			205	1,894	1,894		
65. RMI Capital Management	185	50		135	185	185	50		135
66. S.L. Green	150		150		150	350		150	200
67. Prentiss Properties	146	146				146	146		
68. K.S. Sweet	140	140				555	555		
69. Loeb Partners	135	135				700	700		
70. Hart Advisers	116	62	19	35		116	62	19	35
71. Batterymarch:Agrivest	103	103			103	145	135		10
72. Cozad/Westchester Agricultural	90	90			90	90	90		
73. First Asset Realty	75	75			75	75	75		
74. E. Scott Urdang	64	21	40	3	64	64	21	40	3
75. Forest Investment	62	62			62	89	89		
76. Hancock Agricultural	42	38		4	42	1,927	267		1,660
77. US Realty Advisors	25	25				152	152		
78. American Agricultural	18	18			18	25	25		
79. Avanti Investment	10	10			10	87	87		
80. American Ventures Realty	5	5			5	5	5		
TOTAL	**120,245**	**99,479**	**12,634**	**8,132**	**86,057**	**380,584**	**158,028**	**18,796**	**104,282**

* As of March 31

GRAPHIC BY JOHN J. BOHORQUEZ

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Aetna Life Insurance Co./Aetna Realty Investors

151 Farmington Ave., Hartford, Conn. 06156; (203) 275-0123

	($ millions)
Tax-exempt real estate assets	3,713
Equity	3,058
Hybrid debt	507
Mortgages	148
Commingled or pooled funds	
Equity	2,470
Hybrid debt	460
Mortgages	12
Direct, separate accounts	
Equity	588
Hybrid debt	46
Mortgages	137
Total real estate assets	25,250
Equity	5,137
Hybrid debt	747
Mortgages	19,366

As of June 30, Aetna Life Insurance Co. Aetna Realty Investors had $3.713 billion in U.S. institutional tax-exempt real estate assets, of which $3.07 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.892 billion as of June 30. Contributions received but not invested were $142 million; contributions committed but not received were $24 million.

Total real estate assets under management were $25.25 billion, of which $142 million was invested for non-U.S. clients and $32 million was in non-U.S. properties.

Of the U.S. tax-exempt assets, 98.2% was in existing and 1.8% in developmental properties. The property mix was 4% hotel resort, 1% land, 29% multifamily housing, 7% industrial, 21% retail, 27% office commercial, and 11% office R&D.

The geographic mix was 43% West, 12% Midwest, 31% East and 14% South.

The firm offers open- and closed-end commingled funds, including closed-end specialty accounts, open-end participating mortgage accounts, single property and individual separate accounts.

The Union Separate Account (USA), an open-end account, has contributions received and invested of $70 million and contribution received, but not invested, of $1.6 million. USA is an aggressively managed core portfolio of participating mortgages and equity real estate. USA invests only in union-built properties. Investments consist of mortgage interests, land underlying commercial income-producing property and acquired properties that were mortgage investments. Current emphasis is on industrial and retail investments in targeted markets.

Union Residential Mortgage Account (URMA), an open-end fund, has contributions received and invested of $7.3 million, contributions received but not invested of $800,000 and contributed committed but not received of $3.4 million.

The Real Estate Separate Account (RESA), an open-end fund, has contributions received and invested of $1.341 billion and contributions received, but not invested of $57 million. RESA is an actively managed core portfolio of equity real estate, focusing on existing, well-leased properties with expansion or rehabilitation potential. Forward commitments on to-be-built properties are made on a limited basis. Investments have been structured as wholly owned properties or as partnership ventures. The current strategy focuses on apartments, industrial and retail properties.

The Participating Mortgage Separate Account (PMSA), an open-end fund, has contributions received and invested of $695 million and contributions received, but not invested of $42 million. PMSA is an aggressively managed core portfolio of participating mortgages and equity real estate. Investments consist of mortgage interests, land underlying commercial income-producing property and acquired properties that were mortgage investments. Current emphasis is on industrial and retail investments in targeted markets.

The parent company is Aetna Life and Casualty.

Rodney C. Dimock is in charge of making property investments; John E. Arant III is client contact.

Aldrich, Eastman & Waltch

225 Franklin St., Boston, Mass. 02110; (617) 261-9000

	($ millions)
Tax-exempt real estate assets	3,980
Equity	915
Hybrid debt	2,325
Mortgages	740
Commingled or pooled funds	
Equity	195
Hybrid debt	715
Direct, separate accounts	
Equity	720
Hybrid debt	1,610
Mortgages	740
Total real estate assets	4,080
Equity	1,000
Hybrid debt	2,285
Mortgages	795

As of June 30, Aldrich, Eastman & Waltch had $3.98 billion in U.S. institutional tax-exempt real estate assets, of which $1.5 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $915 million as of June 30.

Total real estate assets under management were $4.08 billion.

Of the U.S. tax-exempt assets, 90% was in existing and 10% in developmental properties. The property mix was 2% hotel/resort, 10% multifamily housing, 8% industrial, 48% retail and 32% office commercial.

The geographic mix was 30% West, 20% Midwest, 39% East and 11% South.

The firm has invested $85 million in RTC properties in the past 12 months.

The firm offers direct separate accounts and closed-end commingled funds.

Secured Capital is a subsidiary of the firm.

Joseph F. Azrack is in charge of making property investments; Susan Hudson-Wilson is client contact.

AMB Institutional Realty Advisors

505 Montgomery St., San Francisco, Calif. 94111; (415) 394-9000

	($ millions)
Tax-exempt real estate assets	879
Equity	818
Hybrid debt	61
Commingled or pooled funds	
Equity	85

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Common Stock

Allied Capital Commercial Corporation

This initial public offering provided equity capital for a newly organised Real Estate Investment Trust created to invest in mortgage loans on commercial properties. The undersigned was lead manager of the offering.

LEHMAN BROTHERS

$340,590,000

Commercial Mortgage Pass-Through Certificates, Class A-1

ThePrudential

Seller and Servicer

The Certificates sold evidence a portion of the beneficial ownership interest in a pool of mortgage loans on industrial, office and retail commercial properties. The undersigned arranged for the private placement of the Certificates with institutional investors.

LEHMAN BROTHERS

$157,500,000

Multiclass Pass-Through Certificates

LB (Commercial) Mortgage Trust

The Certificates sold evidence interests in a pool of mortgage loans on Wal-Mart stores. The undersigned acquired these loans and sole-managed the public offering of Certificates.

LEHMAN BROTHERS

$497,000,000

Commercial Mortgage Pass-Through Certificates, Series 1992-C1

RTC Resolution Trust Corporation

Seller

The Certificates sold evidence beneficial ownership interests in a pool of mortgage loans on commercial properties. The undersigned acted as lead manager of the offering.

LEHMAN BROTHERS

The business of real estate financing is more complex today. Every transaction breaks new ground, dictating new, untraditional solutions. Lehman Brothers has a proven skill for bringing investors and clients together in ways that might have otherwise been overlooked. In the past year alone, we have helped our real estate clients raise over $1.5 billion for commercial real estate through securitized debt and equity offerings.

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- Real Estate Asset Management

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300 E. Long Lake Rd., Ste. 355
Bloomfield Hills, MI 48304
(313) 645-5130, FAX (313) 645-2565

Direct, separate accounts	
Equity	733
Hybrid debt	61
Total real estate assets	1,586
Equity	1,525
Hybrid debt	61

As of June 30, AMB Institutional Realty Advisors had $879 million in U.S. institutional tax-exempt real estate assets, of which $242 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $302 million as of June 30. Contributions committed but not received were $516 million.

Total real estate assets under management were $1.586 billion.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 42% industrial, 19% retail and 39% office/commercial.

The geographic mix was 82% West, 9% Midwest, 4% East and 5% South.

The firm offers closed-end commingled funds, direct separate accounts and private REITs.

AMB Current Income Fund, a private REIT, opened for subscription this month and has an anticipated closing date of Dec. 31, 1993. It will acquire medium size ($5 million to $40 million), substantially leased industrial and retail properties. Investments will be built-out submarkets of major metropolitan areas.

Hamid R. Moghadam is in charge of making property investments; T. Robert Burke and Jean Collier Hurley are the client contacts.

ASB Capital Management

655 15th St. N.W., Suite 800,
Washington, D.C. 20005; (202) 383-6300

	($ millions)
Tax-exempt real estate assets	611
Equity	462
Hybrid debt	149
Commingled or pooled funds	
Equity	82
Hybrid debt	6
Direct, separate accounts	
Equity	380
Hybrid debt	143
Total real estate assets	611

As of June 30, ASB Capital Management Inc. had $611 million in U.S. institutional tax-exempt real estate assets, of which $88 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $373 million as of June 30. Contributions received but not invested were $42 million; contributions committed but not received were $47 million.

Total real estate assets under management were $611 million.

All of the U.S. tax-exempt assets were in developmental properties. The property mix was 2% hotel/resort, 1% land, 9% multifamily housing, 6% industrial and 82% office/commercial.

The geographic mix was 31% West, 22% Midwest, 41% East and 6% South.

The firm offers open-end, separate accounts.

The Real Estate Fund, an open-end fund, has $39 million in contributions received and invested and $43 million in contributions received but not invested. The fund specializes in development and joint ventures.

The parent company is MNC Financial.

Ian W. Jones is client contact.

The Balcor Co.

4849 Golf Road, Skokie, Ill. 60067;
(708) 676-6949

	($ millions)
Tax-exempt real estate assets	1,330
Equity	700
Hybrid debt	630
Commingled or pooled funds	
Equity	700
Hybrid debt	605
Direct, separate accounts	
Hybrid debt	25
Total real estate assets	4,045
Equity	2,514
Hybrid debt	630
Mortgages	901

As of June 30, The Balcor Co. had $1.33 billion in U.S. institutional tax-exempt real estate assets, of which none was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $700 million as of June 30.

Total real estate assets under management were $4.045 billion, of which $44 million was invested for non-U.S. clients and $25 million was invested for Japanese clients.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 30% multifamily housing, 3% industrial, 15% retail, 47% office/commercial and 5% mobile home parks.

The geographic mix was 22% West, 24% Midwest, 29% East and 25% South.

Balcor Institutional Realty Advisors is a subsidiary of the company.

John K. Powell Jr. is in charge of making property investments.

The Boston Co. Real Estate Counsel Inc.

1 Boston Place - 0B18B, Boston,
Mass. 02108; (617) 722-7190

	($ millions)
Tax-exempt real estate assets	1,086
Equity	406
Hybrid debt	680
Commingled or pooled funds	
Equity	5
Hybrid debt	39
Direct, separate accounts	
Equity	401
Hybrid debt	641
Total real estate assets	1,086

As of June 30, The Boston Co. Real Estate Counsel Inc. had $1.086 billion in U.S. institutional tax-exempt real estate assets, of which $314 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $390 million as of June 30. Contributions committed but not received were $16 million.

Total real estate assets under management were $1.086 billion.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 16% industrial, 21% retail and 55% office/commercial.

The geographic mix was 22% West, 14% Midwest, 49% East and 15% South.

The firm offers separate accounts and closed-end funds.

The parent company is The Boston Co.

Brian Corrigan is in charge of making property investments; Melissa Browne is client contact.

Alex. Brown Kleinwort Benson

2 N. Charles St., Suite 850, Baltimore,
Md. 21201; (410) 783-3200

	($ millions)
Tax-exempt real estate assets	3,300
Equity	1,815
Hybrid debt	914

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Mortgages	571
Commingled or pooled funds	
Equity	102
Hybrid debt	7
Direct, separate accounts	
Equity	1,713
Hybrid debt	907
Mortgages	571
Total real estate assets	3,300

As of June 30, Alex. Brown Kleinwort Benson had $3.3 billion in U.S. institutional tax-exempt real estate assets, of which $988 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.802 billion as of June 30. Contributions received but not invested were $13 million.

Of the U.S. tax-exempt assets, $14 million was invested in Canada, the United Kingdom, France, Spain, Australia and Japan as of June 30.

Total real estate assets under management were $3.3 billion.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 8% hotel resort, 1% land, 7% multifamily housing, 19% industrial, 19% retail and 46% office commercial.

The geographic mix was 37% West, 16% Midwest, 22% East and 25% South.

The firm offers closed-end funds, separate accounts and a real estate securities program.

The parent companies are Alex. Brown & Sons Kleinwort Benson.

Lynn C. Thurber is in charge of making property investments; Winston H. Hickox is the client contact.

Cabot Partners L.P.

60 State St., Boston, Mass. 02109;
(617) 723-0900

	($ millions)
Tax-exempt real estate assets	676
Equity	676
Direct, separate accounts	
Equity	259
Co-investments	
Equity	417
Total real estate assets	759
Equity	759

As of June 30, Cabot Partners Limited Partnership had $676 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

Top 10 real estate managers*

Equitable Real Estate	10,119
JMB Institutional Realty	8,756
Copley Real Estate	8,750
Heitman Advisory	6,150
Prudential Realty Group	5,377
RREEF	4,395
Yarmouth Group	4,325
GE Investments	4,150
LaSalle Advisors	3,580
TCW Realty Advisors	3,466
TOTAL	**59,068**

*Tax-exempt assets KIMBERLY MART

The tax-exempt equity assets had a market value of $363 million as of June 30. Contributions received but not invested were $18 million; contributions committed but not received were $295 million.

Total real estate assets under management were $759 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 88% industrial and 12% office commercial.

The geographic mix was 32% West, 19% Midwest, 44% East and 5% South.

The firm offers direct, separate accounts and co-investments.

Robert E. Patterson is in charge of making property investments; John F. Malloy and Peter F. Tague III are client contacts.

The Campbell Group Inc.

1 SW Columbia, Suite 1720, Portland,
Ore. 97258; (503) 275-9675

	($ millions)
Tax-exempt real estate assets	710
Equity	710
Commingled or pooled funds	
Equity	32
Direct, separate accounts	
Equity	678
Total real estate assets	710

As of June 30, The Campbell Group Inc. had $710 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $710 million as of June 30.

Total real estate assets under management were $710 million.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 100% timberland. The geographic mix was 100% West.

The firm offers separate accounts, closed-end funds, limited partnerships and direct investments.

The parent company is United Asset Management. Timber Pacific is a subsidiary.

J. Duncan Campbell is in charge of making property investments.

CB Commercial Realty Advisers

533 Fremont Ave., Los Angeles, Calif.
90071; (213) 613-3582

	($ millions)
Tax-exempt real estate assets	760
Equity	745
Hybrid debt	26
Mortgages	9
Commingled or pooled funds	
Equity	313
Hybrid debt	26
Mortgages	9
Direct, separate accounts	
Equity	432
Total real estate assets	780

As of June 30, CB Commercial Realty Advisers had $780 million in U.S. institutional tax-exempt real estate assets, of which $536 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $730 million as of June 30. Contributions committed but not received were $15 million.

Total real estate assets under management were $780 million.

Of the U.S. tax-exempt assets, 87% was in existing and 13% in developmental properties. The property mix was 0.16% land, 31.12% industrial, 20.71%

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retail and 48.01% office commercial.

The geographic mix was 50.24% West, 12.19% Midwest, 28.64% East and 8.93% South.

The firm offers closed-end funds and direct, separate accounts.

The parent company is CB Commercial Real Estate Group Inc. CB Commercial Brokerage Services is a subsidiary.

Cab Grayson is in charge of making property investments; Laurie Romanak is the client contact.

CIGNA Investments Inc.

Hartford, Conn. 06152; (203)
726-7316

	($ millions)
Tax-exempt real estate assets	1,820
Equity	1,670
Hybrid debt	146
Mortgages	4
Commingled or pooled funds	
Equity	1,494
Hybrid debt	37
Mortgages	4
Direct, separate accounts	
Equity	176
Hybrid debt	109
Total real estate assets	15,579
Equity	2,644
Hybrid debt	1,335
Mortgages	11,600

As of June 30, CIGNA Investments Inc. had $1.82 billion in U.S. institutional tax-exempt real estate assets, of which $1.246 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.623 billion as of June 30. Contributions committed but not received were $47 million.

Total real estate assets under management were $15.579 billion.

Of the U.S. tax-exempt assets, 99% was in existing and 1% in developmental properties. The property mix was 6% hotel/resort, 1% land, 8% multifamily housing, 22% industrial, 36% retail, 15% office commercial and 12% mixed use.

The geographic mix was 22% West, 22% Midwest, 19% East and 37% South.

The firm offers open-end funds, closed-end funds, direct investments and individual separate accounts.

Separate Account R (SA-R), an open-end fund, has contributions received and invested of $647.8 million. SA-R invests in moderate-size properties, typically in suburban locations. Investments are in existing and to-be-built commercial properties, and are diversified by geographic location and property type. Investment structures include 100% equity, joint ventures and equity-oriented debt. No more than 30% of assets may be leveraged.

The parent company is CIGNA Corp.

David R. Johnson is in charge of making property investments; Thomas P. Mahoney is client contact.

Citicorp Real Estate Investment Management

641 Lexington Ave., Fourth Floor, New York, N.Y. 10043; (212) 559-9683

	($ millions)
Tax-exempt real estate assets	528
Equity	468
Hybrid debt	59
Mortgages	1
Commingled or pooled funds	
Equity	243
Hybrid debt	37
Direct, separate accounts	
Equity	225
Hybrid debt	22
Mortgages	1
Total real estate assets	850
Equity	790
Hybrid debt	59
Mortgages	1

As of June 30, Citicorp Real Estate Investment Management had $528 million in U.S. institutional tax-exempt real estate assets, of which $379 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $291 million as of June 30. Contributions received but not invested were $77 million; contributions committed but not received were $100 million.

Total real estate assets under management were $850 million, of which $306 million was invested for non-U.S. clients; and $129 million was invested for Japanese clients.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 8% industrial, 25% retail and 59% office/commercial.

The geographic mix was 25% West, 10% Midwest, 57% East and 8% South.

The firm offers open-end funds, direct investments and separate accounts.

CREEF, an open-end common trust, has $154 million in contributions received and invested and $76 million in contributions received but not invested.

The parent company is Citibank N.A. Citicorp Real Estate Inc. is a subsidiary.

Thomas McDaniel and Steven Brabant are in charge of making property investments; Anthony Niosi is client contact.

Copley Real Estate Advisors

399 Boylston St., Boston, Mass.
02116; (617) 578-1200

	($ millions)
Tax-exempt real estate assets	8,750
Equity	8,750
Commingled or pooled funds	
Equity	5,993
Direct, separate accounts	
Equity	2,757
Total real estate assets	14,067
Equity	14,067

As of June 30, Copley Real Estate Advisors had $8.75 billion in U.S. institutional tax-exempt real estate assets, of which $8.713 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $8.627 billion as of June 30. Contributions committed but not received were $123 million.

Total real estate assets under management were $14.067 billion.

The property mix was 1% hotel/resort, 20% land, 8% multifamily housing, 40% industrial, 6% retail and 25% office/commercial. The geographic mix was 65% West, 3% Midwest, 25% East and 7% South.

The Developmental Properties Account, an open-end fund, has $1.161 billion in contributions received and invested.

The Copley Investors Limited Partnership, CILP, a closed-end fund, had $460.7 million in contributions received and invested.

For all funds, investments are structured as partnerships with local developers in select markets nationwide. The current emphasis is on industrial warehouse and R&D facilities, and single- and multifamily residential developments.

The parent is New England Investment Cos.

Kevin M. Mahony is in charge of making property investments; John C. Phillips Jr. is client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y.
10017; (212) 421-8200

	($ millions)
Tax-exempt real estate assets	2,702
Equity	2,500
Mortgages	202
Commingled or pooled funds	
Equity	1,800
Mortgages	145
Co-investments	
Equity	700
Mortgages	57
Total real estate assets	4,616
Equity	4,300
Mortgages	316

As of June 30, Corporate Property Investors had $2.702 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.5 billion as of June 30.

Total real estate assets under management were $4.616 billion, of which $1.8 billion was invested for non-U.S. clients, including $175 million for non-U.S. pension funds.

All of the U.S. tax-exempt assets were in existing properties. The property mix was 90% retail and 10% office/commercial.

The geographic mix was 15% West, 6% Midwest, 44% East and 35% South.

The firm offers REITs and direct co-investments in super-regional shopping centers.

Hans C. Mautner is in charge of making property investments; William J. Lyons is client contact.

Foreign exchanges: Sept. 14.

Trammell Crow Realty Advisors

3500 TCC, 2001 Ross Ave., Dallas,
Texas 75201; (214) 979-5100

	($ millions)
Tax-exempt real estate assets	548
Equity	548
Commingled or pooled funds	
Equity	424
Co-investments	
Equity	124
Total real estate assets	2,360
Equity	2,360

As of June 30, Trammell Crow Realty Advisors had $548 million in U.S. institutional tax-exempt real estate assets, of which $424 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $214 million as of June 30. Contributions committed but not received were $334 million.

Total real estate assets under management were $2.36 billion.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 9% hotel/resort, 4% land, 3% multifamily housing, 4% industrial, 4% retail and 76% office/commercial.

The geographic mix was 42% West, 6% Midwest, 23% East and 29% South.

The firm offers direct, separate accounts and commingled funds.

The parent company is Trammell Crow Ventures.

Anthony E. Meyer is in charge of making property investments; James S. Wassel and Philip W. Norwood are client contacts.

Dreyfus Realty Advisors

1180 Avenue of the Americas, 18th
Floor, New York, N.Y. 10036; (212)
764-3210

	($ millions)
Tax-exempt real estate assets	513
Equity	485
Hybrid debt	28
Direct, separate accounts	
Equity	188
Hybrid debt	28
Co-investments	
Equity	297
Total real estate assets	513

As of June 30, Dreyfus Realty Advisors Inc. had $513 million in U.S. institutional tax-exempt real estate assets, of which $503 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $442 million as of June 30. Contributions committed but not received were $43 million.

Total real estate assets under management were $513 million.

The property mix was 21% land, 10% multifamily housing, 49% retail and 20% office/commercial.

The geographic mix was 37% West, 7% Midwest, 7% East and 49% South.

The firm offers separate accounts, co-investments and workout-related real estate management.

The parent company is The Dreyfus Corp.

Francis X. Tansey and David Luski are in charge of making property investments; Paul McEvoy is client contact.

Top 10 hybrid debt managers*

Aldrich, Eastman & Waltch	2,325
J.P. Morgan	962
A. Brown Kleinwort Benson	914
LaSalle Advisors	720
Heitman Advisory	700
Boston Co.	680
Balcor	630
Aetna	507
INVESCO Realty Advisors	460
Latimer & Buck	455
TOTAL	**8,353**

*Tax-exempt assets

KIMBERLY MART

Equitable Real Estate Investment Management

3414 Peachtree Road N.E., Atlanta,
Ga. 30326; (404) 239-5009

	($ millions)
Tax-exempt real estate assets	10,981
Equity	10,119
Hybrid debt	31
Mortgages	831
Commingled or pooled funds	
Equity	5,906
Hybrid debt	31
Mortgages	324
Direct, separate accounts	
Equity	4,213
Mortgages	507
Total real estate assets	34,153
Equity	18,420
Hybrid debt	1,253
Mortgages	14,480

As of June 30, Equitable Real Estate Investment

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Mercantile-Safe Deposit & Trust Company, Trustee
Draper and Kramer Realty Advisors, Inc., Advisor

The AFL-CIO Building Investment Trust offers Taft-Hartley and public pension funds participation in *a balanced portfolio of debt and equity* investments in commercial and industrial real estate.

For more information about The AFL-CIO Building Investment Trust, and the benefits of a *balanced real estate portfolio*, contact:

Michael M. Arnold, Director of Investor Relations

1717 K Street, N.W., Suite 707
Washington, D.C 20006
(202) 331-8055

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Management Inc. had $10.981 billion in U.S. institutional tax-exempt real estate assets, of which all was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $9.876 billion as of June 30. Contributions received but not invested were $27 million; contributions committed but not received were $216 million.

Total real estate assets under management were $34.153 billion, of which $2.176 billion was invested for non-U.S. clients and $2.041 billion was invested for Japanese clients.

Of the U.S. tax-exempt assets, 100% was in existing properties. The property mix was 4% hotel/resort, 11% industrial, 54% retail, 30% office/commercial and 1% land and multifamily housing.

The geographic mix was 23% West, 25% Midwest, 32% East and 20% South.

The firm offers open- and closed-end funds, co-investment vehicles and direct, separate accounts.

The Prime Property Fund, an open-end equity separate account, has contributions received and invested of $3.289 billion and contributions received, but not invested of $27 million. The fund concentrates on investments in high-quality, income producing real property purchased for the long term.

PREFER — the Real Estate Option is an open-end equity separate account with contributions received and invested of $17 million. PREFER purchases shares of Prime Property Fund while maintaining the liquidity necessary for employee choice plans.

Equitable Real Estate's Value Enhancement Fund, a closed-end equity separate account, has contributions committed but not received of $32 million. The anticipated closing date is Dec. 31. The fund will invest in institutional-grade properties at depressed values. Existing properties with substantial potential for redevelopment, expansion, rehabilitation or renovation will be targeted, as will underused properties.

Top 10 mortgage managers*

McMorgan	1,624
Equitable Real Estate	831
Aldrich, Eastman & Waltch	740
Latimer & Buck	728
A. Brown Kleinwort Benson	571
Prudential Realty Group	486
Union Labor Life	462
GE Investments	400
L.J. Melody	311
Phoenix Home Life	254
Total	**6,407**

*Tax-exempt assets JOHN HALL

Agricultural Properties Fund, a closed-end separate account, has contributions received and invested of $16 million and contributions committed, but not received of $4 million. The anticipated closing date is Dec. 31. The fund invests in top-quality farmland diversified by crop type and geography.

The parent company is Equitable Financial Cos. Subsidiaries are Equitable Agri-Business, Compass Management & Leasing, Compass Retail and EQ Services Inc.

Tommy Clinton and Douglas Healy are in charge of making property investments; Paul J. Dolinoy is the client contact.

GE Investments

3003 Summer St., Stamford, Conn.
06905; (203) 326-2353

	($ millions)
Tax-exempt real estate assets	4,700
Equity	4,150
Hybrid debt	150
Mortgages	400
Commingled or pooled funds	
Equity	1,010
Direct, separate accounts	
Equity	3,140
Hybrid debt	150
Mortgages	400
Total real estate assets	4,700

As of June 30, GE Investments had $4.7 billion in U.S. institutional tax-exempt real estate assets, of which all was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.9 billion as of June 30. Contributions committed but not received were $250 million.

Of the U.S. tax-exempt assets, $130 million was invested in the United Kingdom and Spain as of June 30.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 21% hotel/resort, 3% land, 5% multifamily housing, 2% industrial, 13% retail and 56% office/commercial.

The geographic mix was 25% West, 26% Midwest, 31% East, 15% South and 3% international.

The firm invested $7.5 million in properties from the RTC.

The firm offers closed-end funds and separate account management.

The parent company is General Electric Co.

John H. Myers is in charge of making property investments; Geoffrey R. Norman is the client contact.

Hancock Timber Resource Group

P.O. Box 111, John Hancock Place,
T-44, Boston, Mass. 02117; (617)
572-1155

	($ millions)
Tax-exempt real estate assets	1,305
Equity	1,305
Commingled or pooled funds	
Equity	17
Direct, separate accounts	
Equity	1,230
Co-investments	
Equity	58
Total real estate assets	1,315
Equity	1,315

As of June 30, Hancock Timber Resource Group had $1.305 billion in U.S. institutional tax-exempt real estate assets, all of which was discretionary.

The tax-exempt equity assets had a market value of $1.156 billion as of June 30. Contributions received but not invested were $115 million; contributions committed but not received were $34 million.

Total real estate assets under management were $1.315 billion.

All U.S. tax-exempt assets were in timberland.

The geographic mix was 58% West, 0.4% East and 41.6% South.

The firm offers closed-end commingled and non-commingled accounts.

The ForesTree III, a closed-end account, has a anticipated closing date of Dec. 31.

The parent company is John Hancock Financial Services. John Hancock Properties Inc. is a subsidiary.

William R. Gordon is in charge of making property investments; Richard N. Smith is the client contact.

Heitman Advisory Corp.

180 N. LaSalle, Suite 3600, Chicago,
Ill. 60601; (312) 855-5700

	($ millions)
Tax-exempt real estate assets	6,912
Equity	6,150
Hybrid debt	700
Mortgages	62
Commingled or pooled funds	
Equity	1,135
Hybrid debt	92
Direct, separate accounts	
Equity	5,015
Hybrid debt	608
Mortgages	62
Total real estate assets	7,443
Equity	6,681
Hybrid debt	700
Mortgages	62

As of June 30, Heitman Advisory Corp. had $6.912 billion in U.S. institutional tax-exempt real estate assets, of which $3.384 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $5.765 billion as of June 30. Contributions received but not invested were $85 million; contributions committed but not received were $300 million.

Of the U.S. tax-exempt assets, $54 million was invested in England as of June 30.

Total real estate assets under management were $7.443 billion, of which $231 million was invested for non-U.S. clients; $54 million was in non-U.S. properties; and $231 million for non-U.S. pension funds.

Virtually all U.S. tax-exempt assets were in existing properties. The property mix was 2% hotel/resort, 1% land, 3% multifamily housing, 6% industrial, 44% retail, 31% office/commercial, and 13% mixed use.

The geographic mix was 30% West, 44% Midwest, 18% East and 8% South.

The firm offers close-end group trusts and separate accounts.

The Heitman Real Estate Fund V is a closed-end group trust with $42 million received and invested and $85 million received but not invested. The fund expects to close Sept. 30. It invests in large, institutional-grade, existing, well-leased commercial properties, diversified by geographic area and property type. Its primary objective is to protect the capital investment, increase income streams and enhance the properties' values through direct, hands-on property management and leasing.

The parent company is Heitman Financial Ltd. Subsidiaries are Heitman Financial Services Ltd. and Heitman Properties Ltd.

Stuart M. Isen is in charge of making property investments; Andrew C. Deckas is client contact.

INVESCO Realty Advisors

5400 LBJ Freeway, Suite 1200,
Dallas, Texas 75240; (214)
715-7400

	($ millions)
Tax-exempt real estate assets	1,161
Equity	476
Hybrid debt	460
Mortgages	225
Commingled or pooled funds	
Equity	5
Hybrid debt	32
Mortgages	9
Direct, separate accounts	
Equity	471
Hybrid debt	428
Mortgages	216
Total real estate assets	1,161

As of June 30, INVESCO Realty Advisors had $1.161 billion in U.S. institutional tax-exempt real estate assets, of which $375 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $219 million as of June 30. Contributions committed but not received were $257 million.

Total real estate assets under management were $1.161 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 26% multifamily housing, 27% industrial, 26% retail and 21% office/commercial.

The geographic mix was 23% West, 14% Midwest, 7% East and 56% South.

The firm offers direct, separate accounts.

The parent company is INVESCO MIM PLC.

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Equity and fixed income performance based on Employee Benefit Bond Funds. Source SEI

R. Scott Dennis is in charge of making property investments; Whitney O. Ward is the client contact.

JMB Institutional Realty

900 N. Michigan Ave., Suite 1800,
Chicago, Ill. 60611; (312) 915-1900

	($ millions)
Tax-exempt real estate assets	8,910
Equity	8,756
Hybrid debt	154
Commingled or pooled funds	
Equity	7,864
Hybrid debt	109
Direct, separate accounts	
Equity	892
Hybrid debt	45
Total real estate assets	9,168
Equity	9,023
Hybrid debt	145

As of June 30, JMB Institutional Realty Corp. had $8.91 billion in U.S. institutional tax-exempt real estate assets, of which $8.307 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $7.978 billion as of June 30. Contributions received but not invested were $167 million; contributions committed but not received were $611 million.

Of the U.S. tax-exempt assets, $3.865 billion was invested in Canada as of June 30.

Total real estate assets under management were $9.168 billion, of which $242 million was invested for non-U.S. clients; $4.531 billion was in non-U.S. properties; and $242 million was for non-U.S. pension funds.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 6% multifamily housing, 2% industrial, 54% retail, 21% office/commercial, and 17% mixed use, including some hotel space.

The geographic mix was 24% West, 18% Midwest, 36% East and 22% South.

The firm invested $13 million in RTC properties.

The firm offers closed-end commingled funds, separate accounts and direct investments.

Bruce W. Duncan is in charge of making property investments; William L. Ramseyer is client contact.

Jones Lang Wootton Realty Advisors

101 E. 52nd St., New York, N.Y.
10022; (212) 688-8181

	($ millions)
Tax-exempt real estate assets	2,255
Equity	1,912
Hybrid debt	343
Commingled or pooled funds	
Equity	49
Direct, separate accounts	
Equity	1,863
Hybrid debt	343
Total real estate assets	2,255

As of June 30, Jones Lang Wootton Realty Advisors had $2.255 billion in U.S. institutional tax-exempt real estate assets, of which $743 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.412 billion as of June 30. Contributions committed but not received were $500 million.

Total real estate assets under management were $2.255 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 19% hotel/resort, 1% land, 3% multifamily housing, 6% industrial, 32% retail and 39% office/commercial.

The geographic mix was 23% West, 8% Midwest, 46% East and 23% South.

The firm offers separate accounts and commingled funds.

JLWRA Management Inc. is a subsidiary.

Steven Furnary, Charles Grossman, Frank Sullivan and John Weisz are in charge of making property investments; Mr. Weisz is the client contact.

Karsten Realty Advisors

12121 Wilshire Blvd., Suite 900, Los
Angeles, Calif. 90025; (310)
826-0035

	($ millions)
Tax-exempt real estate assets	560
Equity	529
Hybrid debt	20
Mortgages	11
Commingled or pooled funds	
Equity	98
Hybrid debt	7
Mortgages	5
Direct, separate accounts	
Equity	431
Hybrid debt	13
Mortgages	6
Total real estate assets	720
Equity	689
Hybrid debt	20
Mortgages	11

As of June 30, Karsten Realty Advisors had $560 million in U.S. institutional tax-exempt real estate assets, all of which was fully discretionary.

The tax-exempt equity assets had a market value of $529 million as of June 30.

Total real estate assets under management were $720 million.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 1% hotel/resort, 8% land, 42% industrial, 12% retail, 28% office/commercial and 9% other.

The geographic mix was 37% West, 14% Midwest, 10% East and 39% South.

The firm offers separate accounts and commingled funds.

Robert A. Feren and E. Owen Frost are in charge of making property investments. Mr. Feren and A. Redmond Doms Jr. and client contacts.

Kennedy Associates Real Estate Counsel Inc.

2400 Financial Center Building,
Seattle, Wash. 98161; (206)
623-4739

	($ millions)
Tax-exempt real estate assets	1,035
Equity	788
Hybrid debt	197
Mortgages	50
Commingled or pooled funds	
Equity	420
Hybrid debt	101
Mortgages	29
Direct, separate accounts	
Equity	157
Hybrid debt	96
Mortgages	21
Co-investments	
Equity	75
Hybrid debt	88
Mortgages	48
Total real estate assets	1,035

As of June 30, Kennedy Real Estate Counsel Inc. had $1.035 billion in U.S. institutional tax-exempt real estate assets.

The tax-exempt equity assets had a market value of $613 million as of June 30. Contributions received but not invested were $175 million.

Total real estate assets under management were $1.035 billion.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 1% hotel/resort, 51% industrial, 7% retail and 41% office/commercial.

The geographic mix was 44% West, 30% Midwest, 21% East and 5% South.

The firm offers open-end funds, separate accounts and co-investments.

The Multi-Employer Property Trust (MEPT) is an open-end, bank trusteed equity real estate fund, with $456 million in contributions received and invested and $125 million received but not invested.

Jim C. Snyder is in charge of making property investments; Ronald D. Roberts is client contact.

Kensington Realty Advisors

541 N. Fairbanks Court, Suite 2020,
Chicago, Ill. 60611; (312) 649-5950

	($ millions)
Tax-exempt real estate assets	788
Equity	372
Hybrid debt	403
Mortgages	13
Direct, separate accounts	
Equity	372
Hybrid debt	403
Mortgages	13
Total real estate assets	788

As of June 30, Kensington Realty Advisors Inc. had $788 million in U.S. institutional tax-exempt real estate assets, of which $694 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $347 million as of June 30. Contributions committed but not received were $25 million.

Total real estate assets under management were $788 million.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 4% land, 13% multifamily housing, 17% industrial, 52% retail 11% office/commercial and 3% parking garages.

The geographic mix was 2% West, 95% Midwest and 3% East.

The firm offers direct, separate accounts and co-investments.

James S. Smith and James S. Lee are in charge of making property investments; Ronald A. Gold is the client contact.

Tax-exempt assets in non-U.S. property

JMB Institutional	3,865
Standard Life	277
Yarmouth Group	140
GE Investments	130
Resource Investments	109
Heitman Advisory	54
NationsBank	31
A. Brown Kleinwort Benson	14
Capital Consultants	1
TOTAL	**4,621**

KIMBERLY MART

L&B Real Estate Counsel

2501 Cedar Springs Road, Suite 550,
Dallas, Texas 75201; (214)
855-5630

	($ millions)
Tax-exempt real estate assets	1,777
Equity	1,622
Hybrid debt	155
Commingled or pooled funds	
Equity	743
Hybrid debt	129
Direct, separate accounts	
Equity	880
Hybrid debt	25
Total real estate assets	1,779
Equity	1,624
Hybrid debt	155

As of June 30, L&B Real Estate Counsel, formerly Lehndorff & Babson Real Estate Counsel, had $1.777 billion in U.S. institutional tax-exempt real estate assets, of which $872 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.598 billion as of June 30. Contributions received but not invested were $20 million; contributions committed but not received were $4 million.

Total real estate assets under management were $1.779 billion, of which $100 million was invested for non-U.S. pension funds.

All U.S. tax-exempt assets were in existing properties. The property mix was 2% land, 2% industrial, 49% retail and 47% office/commercial.

The geographic mix was 19% West, 7% Midwest, 62% East and 12% South.

The firm offers separate accounts and open- and closed-end funds.

The L&B Property Fund V, a closed-end fund with $4 million in commitments not yet received, has an anticipated closing date of June 30, 1993.

The Council of Real Estate Group (CORE) is an open-end fund with $462 million in contributions invested.

The L&B CORE II Fund is an open-end fund that does not have any investors as yet.

The investment strategy for all commingled funds is to invest in substantially leased, well-located income-producing properties in major metropolitan markets. The focus is on properties with a predictable income stream for the foreseeable future.

The parent company is United Asset Management Corp.

M. Thomas Lardner is in charge of making property investments; G. Andrews Smith is the client contact.

LaSalle Advisors Ltd.

11 S. LaSalle St., Chicago, Ill. 60603;
(312) 782-5800

	($ millions)
Tax-exempt real estate assets	4,300
Equity	3,580
Hybrid debt	720
Commingled or pooled funds	
Equity	1,295
Hybrid debt	85
Direct, separate accounts	
Equity	1,550
Hybrid debt	235
Co-investments	
Equity	535
Hybrid debt	400
Total real estate assets	4,300

As of June 30, LaSalle Advisors Ltd. had $4.3 billion in U.S. institutional tax-exempt real estate assets, of which $2.5 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.91 billion as of June 30. Contributions committed but not received were $670 million.

Total real estate assets under management were $4.3 billion.

Of the U.S. tax-exempt assets, 95% was in existing and 5% in developmental properties. The property mix was 8% industrial, 12% retail, 78% office/commercial and 2% parking garages.

The geographic mix was 26% West, 21% Midwest, 31% East and 22% South.

The firm offers closed-end funds and separate account management.

The LaSalle Investors is a closed-end fund scheduled to close in December. It is a limited partnership that invests in substantially leased, quality office, industrial and retail properties at prices that provide overall returns with high cash yields and attractive pricing relative to reproduction costs. The focus will be on quality, urban properties with underlying long-term value whose availability and pricing is a result of the capital scarcity.

The parent company is LaSalle Partners Ltd. LaSalle Partners Asset Management Ltd. is a subsidiary.

Kenneth M. Campia is in charge of making property investments; J. Marshall Peck is client contact.

Latimer & Buck Inc.

121 S. Broad St., Philadelphia, Pa.
19107; (215) 985-3900

	($ millions)
Tax-exempt real estate assets	1,439
Equity	256
Hybrid debt	455
Mortgages	728
Direct, separate accounts	
Equity	256
Hybrid debt	455
Mortgages	728
Total real estate assets	1,439

As of June 30, Latimer & Buck Inc. had $1.439 billion in U.S. institutional tax-exempt real estate assets, of which $826 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $256 million as of June 30.

Total real estate assets under management were $1.439 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 4% hotel/resort, 6% multifamily housing, 16% industrial, 12% retail and 62% office/commercial.

The geographic mix was 2% West, 21% Midwest, 69% East and 8% South.

The firm offers separate accounts and closed-end commercial mortgage group trusts.

The Commercial Mortgage Group Trust, a closed-end fund, is scheduled to close in the fourth quarter of 1992. The fund will make loans between $1 million and $10 million — as well as purchase existing mortgages — in apartment, retail, industrial and office properties nationwide.

The parent company is Legg Mason Inc. Dorman & Wilson Inc. is a subsidiary.

Richard Humphreys is in charge of making property investments; Andrew Sheffler is client contact.

McMorgan & Co.

1 Bush St., Suite 800, San Francisco,
Calif. 94104; (415) 788-9300

	($ millions)
Tax-exempt real estate assets	2,017
Equity	393
Mortgages	1,624
Direct, separate accounts	
Equity	393
Mortgages	1,624
Total real estate assets	2,017

As of June 30, McMorgan & Co. had $2.017 billion in U.S. institutional tax-exempt real estate assets.

The tax-exempt equity assets had a market value of $356 million as of June 30. Contributions received but not invested were $37 million.

Total real estate assets under management were $2.017 billion.

Of the U.S. tax-exempt assets, 1% was in existing and 99% in developmental properties. The property mix was 1% hotel/resort, 2% land, 2% multifamily housing, 6% industrial, 8% retail, 19% office/commercial and 62% single-family housing.

All assets were invested in the West.

The firm offers separate accounts for jointly trusteed plans.

Dan O'Donnell is in charge of making property investments; Bill Sumner is the client contact.

Emerging markets: Oct. 26

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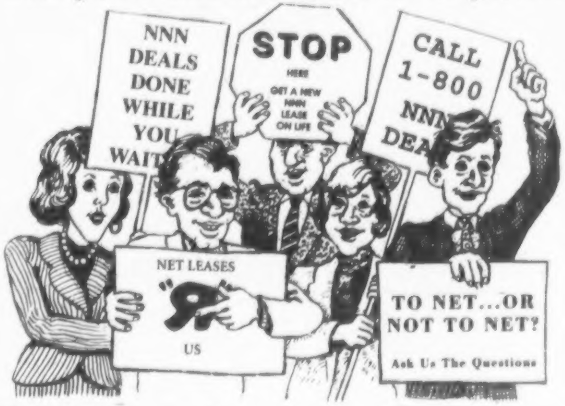
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Mellon/McMahan Real Estate Advisors Inc.

444 Market St., Suite 2100, San Francisco, Calif. 94111; (415) 433-7770

	($ millions)
Tax-exempt real estate assets	881
Equity	664
Hybrid debt	100
Mortgages	117
Direct, separate accounts	
Equity	664
Hybrid debt	100
Mortgages	117
Total real estate assets	1,049
Equity	782
Hybrid debt	136
Mortgages	131

As of March 31, Mellon McMahan Real Estate Advisors Inc. had $881 million in U.S. institutional tax-exempt real estate assets, of which $426 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $556 million as of March 31. Contributions committed but not received were $108 million.

Total real estate assets under management were $1.049 billion, of which $25 million was invested for non-U.S. clients.

All U.S. tax-exempt assets were in existing properties. The property mix was 3.5% multifamily housing, 29.5% industrial, 33.9% retail and 32.6% office commercial and 0.5% other.

The geographic mix was 59% West, 21% Midwest, 10% East and 10% South.

The firm offers separate accounts.

The parent company is Mellon Bank.

James Ida is in charge of making property investments; Mary M. Briggs is client contact.

L.J. Melody & Co.

5847 San Felipe, Suite 4400, Houston, Texas 77057; (713) 787-1900

	($ millions)
Tax-exempt real estate assets	791
Equity	253
Hybrid debt	227
Mortgages	311
Direct, separate accounts	
Equity	253
Hybrid debt	227
Mortgages	311
Total real estate assets	1,934
Equity	253
Hybrid debt	276
Mortgages	1,405

As of June 30, L.J. Melody & Co. had $791 million in U.S. institutional tax-exempt real estate assets, none of which was fully discretionary.

The tax-exempt equity assets had a market value of $253 million as of June 30.

Total real estate assets under management were $1.934 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 4% industrial, 44% retail and 44% office commercial.

The geographic mix was 17% West, 8% Midwest, 4% East and 71% South.

The firm offers direct, separate accounts.

L.J. Melody & Co. of California is an affiliate.

Lawrence J. Melody is in charge of making property investments; Michael J. Melody is the client contact.

Metric Institutional Realty Advisors

950 Tower Lane, Foster City, Calif. 94044; (415) 378-7000

	($ millions)
Tax-exempt real estate assets	803
Equity	778
Hybrid debt	11
Mortgages	14
Commingled or pooled funds	
Equity	267
Hybrid debt	11
Mortgages	14
Direct, separate accounts	
Equity	398
Co-investments	
Equity	113
Total real estate assets	2,345
Equity	2,320
Hybrid debt	11
Mortgages	14

As of June 30, Metric Institutional Realty Advisors had $803 million in U.S. institutional tax-exempt real estate assets, all of which was fully discretionary.

The tax-exempt equity assets had a market value of $475 million as of June 30. Contributions committed but not received were $303 million.

Total real estate assets under management were $2.345 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 71% multifamily housing, 9% industrial, 12% retail and 8% office commercial.

The geographic mix was 42% West, 5% Midwest, 26% East and 27% South.

The firm offers closed-end funds, co-investments and advisory accounts.

Metric Institutional Apartment Fund III, a closed-end fund, has an anticipated opening of early 1993.

The parent companies are Metric Realty and Metropolitan Life Insurance Co. Metric Realty Services is a subsidiary.

W. Patrick McDowell is in charge of making property investments; Robert A. Fiddaman is client contact.

Managers with non-U.S. clients

Standard Life	4,903
Eastdil Realty	3,491
Yarmouth Group	2,850
Equitable Real Estate	2,176
Corporate Property	1,800
Metropolitan Life	524
RREEF	427
Schroder Real Estate	400
Dusco	318
Citicorp Real Estate	306
JMB Institutional	242
Heitman Advisory	231
Aetna	142
Hancock Realty	115
Thomas	100
J.P. Morgan	92
FFCA Institutional	55
Balcor	44
Avanti Investment	28
Mellon/McMahan*	25
Loeb Partners	25
Coventry Realty	23
U.S. Realty Advisors	16
Resource Investments	10
American Agricultural	6
TOTAL	**18,349**

* As of March 31

JOHN HALL

Metropolitan Life Insurance

1 Madison Ave., New York, N.Y. 10010; (212) 578-4970

	($ millions)
Tax-exempt real estate assets	952
Equity	952
Commingled or pooled funds	
Equity	621
Direct, separate accounts	
Equity	331
Total real estate assets	28,800
Equity	12,000
Mortgages	16,800

As of June 30, Metropolitan Life Insurance Co. had $952 million in U.S. institutional tax-exempt real estate assets, of which $909 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $850 million as of June 30. Contributions received but not invested were $102 million.

Total real estate assets under management were $28.8 billion, of which $524 million was invested for Japanese clients.

All U.S. tax-exempt assets were in existing properties. The property mix was 2% land, 27% multifamily housing, 17% industrial, 16% retail, 19% office commercial and 19% R&D.

The geographic mix was 36% West, 18% Midwest, 23% East and 23% South.

The firm offers open-end funds, individual accounts.

The Tower Fund, an open-end fund, has $325 million in contributions received and invested and $62 million in contributions received but not invested. The fund makes equity investments in wholly owned, operating and substantially leased properties, diversified by type and location. The portfolio is limited to 75 properties.

The Defined Contribution Real Estate Account (DCRE), an open-end fund, has $94 million in contributions received and invested, and $12 million in contributions received, but not invested. The fund is available only to defined contribution plan investors and guarantees liquidity of plan participant balances. The fund acquires primarily well-leased, unleveraged apartment, warehouse light industrial, retail and office properties nationwide.

Subsidiaries are Metric Institutional Realty Advisors, Metmor Financial, Century 21 Real Estate Corp., Metropolitan Structures, Farmers National Co., MetWest Agribusiness and Transmountain Land & Livestock Co.

James B. Digney is in charge of making property investments; John B. Kvernland is client contact.

MIG Realty Advisors Inc.

1 Clearlake Centre, 250 Australian Ave. S., Suite 400, West Palm Beach, Fla. 33401; (407) 820-1300

	($ millions)
Tax-exempt real estate assets	1,367
Equity	1,185
Hybrid debt	51
Mortgages	131
Commingled or pooled funds	
Equity	523
Direct, separate accounts	
Equity	662
Hybrid debt	51
Mortgages	131
Total real estate assets	1,367

As of June 30, MIG Realty Advisors Inc. had $1.367 billion in U.S. institutional tax-exempt real estate assets, of which $523 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.138 billion as of June 30. Contributions committed but not received were $47 million.

Total real estate assets under management were $1.367 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 2% hotel resort, 53% multifamily housing, 16% industrial, 10% retail, 18% office commercial and 1% self-storage facilities.

The geographic mix was 50% West, 8% Midwest, 11% East and 31% South.

The firm offers closed-end group trusts and nondiscretionary and discretionary separate accounts.

MIG Residential Trust II, a closed-end fund, has $47 million committed but not received. It has an anticipated closing of Sept. 30. Its objective is to acquire, develop, operate and dispose of a geographically diverse portfolio of apartment buildings in 20 markets and their defined submarkets. No more than 25% of assets will be put into developmental properties, all acquisitions will be cash.

The Northstar Group Inc. and MIG Capital Management Inc. are subsidiaries.

Robert J. Gauthier is in charge of making property investments; James A. Cote is client contact.

J.P. Morgan Investment Management Inc.

522 Fifth Ave., New York, N.Y. 10036; (212) 837-1234

	($ millions)
Tax-exempt real estate assets	1,668
Equity	706
Hybrid debt	962
Commingled or pooled funds	
Equity	689

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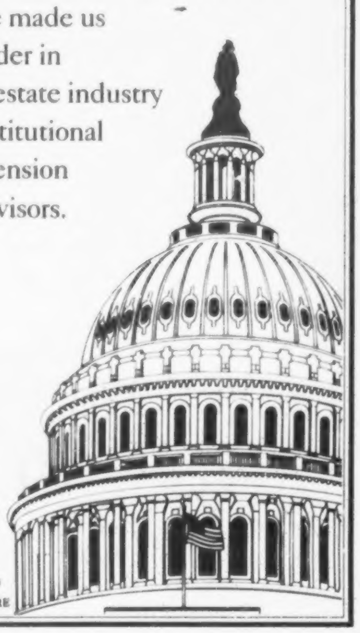

Hybrid debt	887
Direct, separate accounts	
Equity	13
Co-investments	
Equity	4
Hybrid debt	75
Total real estate assets	1,760
Equity	706
Hybrid debt	1,054

As of June 30, J.P. Morgan Investment Management Inc. had $1.668 billion in U.S. institutional tax-exempt real estate assets, of which $1.6 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $534 million as of June 30. Contributions received but not invested were $172 million.

Total real estate assets under management were $1.76 billion, of which $92 million was invested for non-U.S. clients, including $72 million invested for Japanese clients.

Of the U.S. tax-exempt assets, 97% was in existing and 3% in developmental properties. The property mix was 2% hotel/resort, 4% land, 2% multifamily housing, 19% industrial, 38% retail and 35% office/commercial.

The geographic mix was 4% West, 16% Midwest, 60% East and 20% South.

The firm offers open-end commingled funds, direct separate accounts and co-investments.

The Real Estate Fund, and open-end fund, has $1.089 billion in contributions received and invested and $487 million in contributions received but not invested. The firm uses a "value-added" philosophy, selecting properties it believes have an above-average potential for income growth and capital appreciation. It invests primarily in urban and suburban offices, regional shopping centers and industrial R&D buildings.

The parent company is J.P. Morgan & Co. Inc.

Timothy J. Heise is in charge of making property investments; Erling Asheim is client contact.

NationsBank

1 NationsBank Plaza, T09-1,
Charlotte, N.C. 28255; (704)
386-2891

	($ millions)
Tax-exempt real estate assets	611
Equity	558
Hybrid debt	51
Mortgages	2
Commingled or pooled funds	
Equity	407
Hybrid debt	47
Direct, separate accounts	
Equity	151
Hybrid debt	4
Mortgages	2
Total real estate assets	611

As of June 30, NationsBank had $611 million in U.S. institutional tax-exempt real estate assets, of which $564 million was fully discretionary.

The tax-exempt equity assets had a market value of $558 million as of June 30.

Total real estate assets under management were $611 million.

Of the U.S. tax-exempt assets, 59% was in existing and 41% in developmental properties. The property mix was 41% land, 9% multifamily housing, 29% industrial and 21% office/commercial.

The geographic mix was 1% West, 61% East and 38% South.

The firm offers separate accounts.

The parent company is NationsBank Corp.

Floyd T. Boyce is in charge of making property investments; Jim Wahl and Donald A. Steinbrugge are client contacts.

The O'Connor Group

200 Park Ave., New York, N.Y. 10166;
(212) 687-7420

	($ millions)
Tax-exempt real estate assets	2,491
Equity	2,291
Hybrid debt	200
Commingled or pooled funds	
Equity	989
Direct, separate accounts	
Equity	1,302
Hybrid debt	200
Total real estate assets	2,632
Equity	2,432
Hybrid debt	200

As of June 30, The O'Connor Group had $2.491 billion in U.S. institutional tax-exempt real estate assets, of which $989 million was fully discretionary.

The tax-exempt equity assets had a market value of $2.227 billion as of June 30. Contributions committed but not received were $64 million.

Total real estate assets under management were $2.632 billion.

Of the U.S. tax-exempt assets, 92% was in existing and 8% in developmental properties. The property mix was 9% industrial, 81% retail and 10% office/commercial.

The geographic mix was 23% West, 22% Midwest, 21% East and 34% South.

The firm offers closed-end funds, separate accounts and co-investments.

The Community Center Fund and The Retail Property Trust, both closed-end funds, are open for subscription.

Ben G. Gifford is in charge of making property investments; Nancy Lashine is client contact.

Phoenix Home Life Mutual Insurance Co.

1 American Row, Hartford, Conn.
06111; (203) 275-5000

	($ millions)
Tax-exempt real estate assets	660
Equity	252
Hybrid debt	154
Mortgages	254
Commingled or pooled funds	
Equity	193
Hybrid debt	150
Mortgages	254
Direct, separate accounts	
Equity	59
Hybrid debt	4
Total real estate assets	2,182
Equity	532
Hybrid debt	605
Mortgages	1,045

As of June 30, Phoenix Home Life Mutual Insurance Co. had $660 million in U.S. institutional tax-exempt real estate assets, of which $412 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $252 million as of June 30.

Total real estate assets under management as of March 31 were $2.182 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 1% hotel/resort, 36% multifamily housing, 19% industrial, 20% retail, 23% office/commercial and 1% hospital/medical.

The geographic mix was 32% West, 39% Midwest, 17% East and 12% South.

The firm offers open- and closed-end funds and individual separate accounts.

The Real Estate Separate Account (RESA), an open-end fund, has $379 million in contributions received and invested. It makes participating investments with 100% fee ownership and joint ventures.

Phoenix Realty Management Inc. and Phoenix Founders Inc. are subsidiaries.

Scott C. Noble is in charge of making property investments; James S. Carter is client contact.

PMRealty Advisors Inc.

800 Newport Center Drive, Suite 300,
Newport Beach, Calif. 92660; (714)
721-5000

	($ millions)
Tax-exempt real estate assets	718
Equity	649
Mortgages	69
Commingled or pooled funds	
Equity	310
Direct, separate accounts	
Equity	339
Mortgages	69
Total real estate assets	758
Equity	689
Mortgages	69

As of June 30, PMRealty Advisors Inc. had $718 million in U.S. institutional tax-exempt real estate assets, of which $635 million was fully discretionary.

The tax-exempt equity assets had a market value of $563 million as of June 30. Contributions committed but not received were $86 million.

Total real estate assets under management were $758 million.

The property mix was 0.3% land, 26% industrial, 17% retail, 33% office/commercial and 23.7% mobile home parks and golf courses.

The geographic mix was 60% West, 15% Midwest, 4% East and 21% South.

The firm offers closed-end group trusts, direct accounts and separate accounts.

The parent company is Pacific Financial Asset Management Co.

James G. McWalters is in charge of making property investments and is client contact.

Property Capital Associates

1 Post Office Square, Boston, Mass.
02109; (617) 451-2400

	($ millions)
Tax-exempt real estate assets	554
Equity	413
Hybrid debt	115
Mortgages	26
Commingled or pooled funds	
Equity	235
Direct, separate accounts	
Equity	121
Hybrid debt	13
Co-investments	
Equity	57
Hybrid debt	102
Mortgages	26
Total real estate assets	808
Equity	508
Hybrid debt	274
Mortgages	26

As of June 30, Property Capital Associates had $554 million in U.S. institutional tax-exempt real estate assets, all of which was fully discretionary.

The tax-exempt equity assets had a market value of $413 million as of June 30.

Total real estate assets under management were $808 million.

All U.S. tax-exempt assets were in existing properties. The property mix was 8% multifamily housing, 40% industrial, 15% retail and 37% office/commercial.

The geographic mix was 50% West, 6% Midwest, 34% East and 10% South.

The firm offers open- and closed-end funds, co-investments and separate accounts.

Anthony D. Fox is in charge of making property investments; Gary R. Schwandt is client contact.

Prudential Realty Group

3 Prudential Plaza, 751 Broad St.,
Newark, N.J. 07102; (201) 802-3401

	($ millions)
Tax-exempt real estate assets	5,863
Equity	5,377
Mortgages	486
Commingled or pooled funds	
Equity	4,321
Mortgages	148
Direct, separate accounts	
Equity	723
Mortgages	138
Co-investments	
Equity	333
Mortgages	200
Total real estate assets	41,586
Equity	15,210
Hybrid debt	208
Mortgages	26,168

As of June 30, Prudential Realty Group had $5.863 billion in U.S. institutional tax-exempt real estate assets, of which $5.483 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $4.805 million as of June 30. Contributions received but not invested were $70 million; contributions committed but not received were $502 million.

Total real estate assets under management were $41.586 billion.

Virtually all U.S. tax-exempt assets were in existing properties. The property mix was 9% hotel/resort, 15% multifamily housing, 17% industrial, 19% retail, 39% office/commercial and 1% agriculture.

The geographic mix was 33% West, 16% Midwest, 37% East and 14% South.

The firm offers open- and closed-end funds and direct, separate accounts.

Prudential Property Investment Separate Account (PRISA), an open-end equity account, has $3.045 billion in contributions received and invested. PRISA is a broadly diversified "core" real estate portfolio, investing in completed, well-leased, investment-grade equity real estate.

Union Mortgage Account (UMA), an open-end mortgage account, has $148 million in contributions received and invested and $15 million in contributions received, but not invested. UMA is a commingled account investing primarily in fixed-rate mortgages and construction loans on properties to be built or substantially renovated by union contractors.

The parent company is Prudential Insurance Co. of America Inc. PREMISYS is a subsidiary.

John Hoffman, Dale Taysom, Joe Elsener and Ken Johnson are in charge of making property investments; Kevin Myers is client contact.

PSI Institutional Realty Advisors Inc.

600 N. Brand Blvd., Suite 300,
Glendale, Calif. 91203; (818)
244-8080

	($ millions)
Tax-exempt real estate assets	622
Equity	622
Commingled or pooled funds	
Equity	366
Direct, separate accounts	
Equity	256
Total real estate assets	622

As of June 30, PSI Institutional Realty Advisors Inc. had $622 million in U.S. institutional tax-exempt real estate assets, none of which were discretionary.

The tax-exempt equity assets had a market value of $603 million as of June 30. Contributions committed but not received were $19 million.

Total real estate assets under management were $622 million.

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LARGEST REAL ESTATE MANAGERS

All U.S. tax-exempt assets were in developmental properties and invested in self-storage facilities.

The geographic mix was 35% West, 29% Midwest, 31% East and 5% South.

The firm offers closed-end funds and separate accounts.

The parent company is Public Storage Inc. Subsidiaries are Public Storage Management Inc. and Public Storage Development and Acquisition Group.

Hugh Horne is in charge of making property investments; William J. Chadwick is client contact.

The RREEF Funds

650 California St., Suite 1800, San
Francisco, Calif. 94108; (415)
781-3300

	($ millions)
Tax-exempt real estate assets	4,454
Equity	4,395
Hybrid debt	59
Commingled or pooled funds	
Equity	2,397
Direct, separate accounts	
Equity	1,838
Hybrid debt	59
Co-investments	
Equity	160
Total real estate assets	4,943
Equity	4,827
Hybrid debt	116

As of June 30, The RREEF Funds had $4.454 billion in U.S. institutional tax-exempt real estate assets, of which $3.077 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $2.94 billion as of June 30. Contributions committed but not received were $1.455 billion.

Total real estate assets under management were $4.943 billion, of which $427 million was invested for non-U.S. clients and $27 million for non-U.S. pension funds.

All U.S. tax-exempt assets were in existing properties. The property mix was 1% land, 4% multifamily housing, 30% industrial, 35% retail and 30% office commercial.

The geographic mix was 41% West, 26% Midwest, 19% East and 14% South.

The firm invested $9.4 million in RTC properties.

The firm offers separate account management and an apartment REIT.

James D. King is in charge of making property investments; Stephen M. Steppe is client contact.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y.
10022; (212) 486-9800

	($ millions)
Tax-exempt real estate assets	640
Equity	640
Commingled or pooled funds	
Equity	390
Direct, separate accounts	
Equity	100
Co-investments	
Equity	150
Total real estate assets	1,040
Equity	1,040

As of June 30, Schroder Real Estate Associates had $640 million in U.S. institutional tax-exempt real estate assets, of which $460 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $410 million as of June 30. Contributions committed but not received were $230 million.

Total real estate assets under management were $1.04 billion, of which $400 million was invested for non-U.S. clients and $400 million for non-U.S. pension funds.

All U.S. tax-exempt assets were in existing properties. The property mix was 4% industrial, 73% retail and 23% office/commercial.

The geographic mix was 27% West, 2% Midwest, 23% East and 48% South.

The firm offers closed-end funds, separate accounts and co-investments.

Schroder Real Estate Value Enhancement Fund B, a closed-end fund, has $107 million committed but not received. It has an anticipated close of Dec. 31. The fund seeks to acquire three underused properties that can respond to active property/construction management and leasing to generate 8% to 12% real returns over an eight- to 10-year period.

Schroder Center Management Inc. and Schroder Mortgage Associates are subsidiaries.

Norman L. Peck is in charge of making property investments; John E. Emmanuel is the client contact.

Sentinel Real Estate Corp.

1290 Avenue of the Americas, New
York, N.Y. 10104; (212) 408-2987

	($ millions)
Tax-exempt real estate assets	1,903
Equity	1,817
Mortgages	86
Commingled or pooled funds	
Equity	792
Mortgages	48
Direct, separate accounts	
Equity	1,025
Mortgages	38
Total real estate assets	2,226
Equity	2,130
Mortgages	96

As of June 30, Sentinel Real Estate Corp. had $1.903 billion in U.S. institutional tax-exempt real estate assets, of which $1.343 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $1.438 billion as of June 30. Contributions committed but not received were $379 million.

Total real estate assets under management were $2.226 billion.

All U.S. tax-exempt assets were in existing properties. The property mix was 70% multifamily housing, 4% industrial, 7% retail and 19% office commercial.

The geographic mix was 38% West, 17% Midwest, 13% East and 32% South.

The firm offers separate accounts and open- and closed-end funds.

Sentinel Real Estate Fund, an open-end fund, has $724 million in contributions received and invested. It invests primarily in apartments.

Sentinel Realty Partners II, a closed-end fund with $21 million received and invested, has an expected closing date of December 1992. The fund invests exclusively in apartments.

John H. Streicker is in charge of making property investments; David Weiner is the client contact.

TCW Realty Advisors

865 S. Figueroa St., Suite 3500, Los
Angeles, Calif. 90017; (213)
683-4200

	($ millions)
Tax-exempt real estate assets	3,865
Equity	3,466
Hybrid debt	399
Commingled or pooled funds	
Equity	1,819
Hybrid debt	175
Direct, separate accounts	
Equity	1,647
Hybrid debt	224
Total real estate assets	3,865

As of June 30, TCW Realty Advisors had $3.865 billion in U.S. institutional tax-exempt real estate assets, of which $2.556 billion million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.188 billion as of June 30. Contributions received but not invested were $25 million; contributions committed but not received were $253 million.

Total real estate assets under management were $3.865 billion.

Of the U.S. tax-exempt assets, 99% was in existing and 1% in developmental properties. The property mix was 24% industrial, 27% retail, 43% office commercial, and 6% zoned urban land.

The geographic mix was 58% West, 13% Midwest, 22% East and 7% South.

The firm offers direct separate accounts and closed-end commingled funds.

TCW Land Fund II, a closed-end fund, is scheduled to close Oct. 31. The objective of the fund is to realize capital appreciation through the ownership of underdeveloped and undeveloped land in major U.S. cities.

TCW Realty Advisors is a joint venture with Trust Company of the West.

Richard Pink is in charge of making property investments.

The Union Labor Life Insurance Co.

111 Massachusetts Ave. N.W.,
Washington, D.C. 20001; (202)
682-0900

	($ millions)
Tax-exempt real estate assets	462
Mortgages	462
Commingled or pooled funds	
Mortgages	462
Total real estate assets	662
Mortgages	662

As of June 30, The Union Labor Life Insurance Co. had $462 million in U.S. institutional tax-exempt real estate assets, all fully discretionary.

Total real estate assets under management were $662 million.

Of the U.S. tax-exempt assets, 10% was in existing and 90% in developmental properties. The property mix was 7.7% hotel/resort, 1.7% multifamily housing, 22.1% industrial, 27.9% retail, 40.4% office/commercial and 0.2% single-family post office.

The geographic mix was 23% West, 42% Midwest, 27% East and 8% South.

The firm offers open-end commingled accounts.

The Separate Account J (J for Jobs), an open-end fund, has $462 million in contributions received and invested. The fund invests in straight commercial first mortgages using a forward commitment process. The borrower must use 100% union labor.

The parent company is ULLICO Inc.

Tom Perkins is in charge of making property investments; Ken Hartman is the client contact.

Wells Fargo Realty Advisors

600 Montgomery St., 29th Floor, San
Francisco, Calif. 94111; (415)
396-6222

	($ millions)
Tax-exempt real estate assets	682
Equity	492
Hybrid debt	182
Mortgages	8
Commingled or pooled funds	
Equity	123
Hybrid debt	28
Mortgages	8
Direct, separate accounts	
Equity	369
Hybrid debt	154
Total real estate assets	682

As of June 30, Wells Fargo Realty Advisors had $682 million in U.S. institutional tax-exempt real estate assets, of which $233 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $430 million as of June 30. Contributions received but not invested were $49 million; contributions committed but not received were $13 million.

Total real estate assets under management were $682 million.

Of the U.S. tax-exempt assets, 62% was in existing and 38% in developmental properties. The property mix was 19% land, 19% industrial, 35% retail, 23% office commercial, and 4% apartments.

The geographic mix was 63% West, 22% Midwest, 11% East and 4% South.

The firm offers open-end funds, separate accounts and specialized funds.

Wells Fargo Single Family Investment Program, a closed-end fund, has an anticipated closing date of Dec. 31 and a target of $200 million. The fund makes investments in single-family residential development projects. It focuses on entry-level housing projects. Wells Fargo co-invests 10% of the total capital committed. Investments are structured as debt and participating debt.

The parent company is Wells Fargo Bank.

Doug Hayek is in charge of making property investments; J. Michael Johnson is client contact.

The Yarmouth Group Inc.

10 E. 50th St., New York, N.Y. 10022;
(212) 355-4810

	($ millions)
Tax-exempt real estate assets	4,505
Equity	4,325
Hybrid debt	180
Commingled or pooled funds	
Equity	215
Direct, separate accounts	
Equity	3,845
Hybrid debt	180
Co-investments	
Equity	265
Total real estate assets	7,355
Equity	6,875
Hybrid debt	480

As of June 30, The Yarmouth Group Inc. had $4.505 billion in U.S. institutional tax-exempt real estate assets, of which $3.95 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of $3.8 billion as of June 30. Contributions committed but not received were $525 million.

Of the U.S. tax-exempt assets, $140 million was invested in the United Kingdom as of June 30.

Total real estate assets under management were $7.355 billion, of which $2.85 billion was invested for non-U.S. clients; $520 million was in non-U.S. properties; $2.1 billion was invested for Japanese clients; and $750 million was for non-U.S. pension funds.

Of the U.S. tax-exempt assets, 98% was in existing and 2% in developmental properties. The property mix was 5% hotel/resort, 1% industrial, 43% retail and 51% office commercial.

The geographic mix was 37% West, 10% Midwest, 39% East and 14% South.

The firm offers a private REIT fund, co-investments, separate account management and asset portfolio workouts.

The Core Property Trust Inc., a private REIT, accepts subscriptions through March 1993. It has $215 million invested and $50 million committed but not received.

Subsidiaries are Yarmouth International and Yarmouth Property Management Inc.

David H. Solis-Cohen is in charge of making property investments; David R. Hodes is the client contact.

Index returns up and down

Russell value and growth stocks differed acutely this mid-year, with the Russell Price-Driven Index gaining 5.34% during the first half of the year, and the Russell Earnings Growth Index losing 5.98%.

The Frank Russell Co., Tacoma, Wash., calculates its indexes by splitting stocks into two groups: the Russell Earnings Growth Index, with higher price-to-book and price-earnings ratios; and the Russell Price-Driven Index, with low price-to-book and price-earnings ratios.

The indexes are monitored by Russell Data Services. ■

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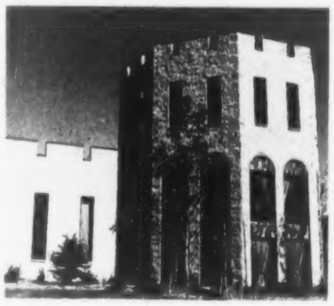

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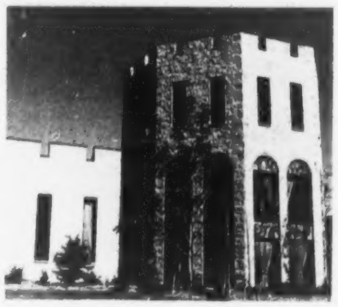

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2 Milwaukee funds support housing effort

By Hillary Durgin

MILWAUKEE — Two Milwaukee pension funds are investing $25 million to build affordable local housing through innovative financing strategies that could be replicated nationwide.

The Milwaukee County Employees' Retirement System has committed $15 million, and the pension fund for the Wisconsin Electric Power Co. and Wisconsin Natural Gas Co. has committed $10 million to a new hybrid mortgage-backed securities program.

The program was engineered by Robert W. Baird & Co. Inc., Milwaukee, an investment banking and asset management subsidiary of Northwestern Mutual Life Insurance Co.

It is part of a broad effort in Milwaukee by corporations, foundations, banks and neighborhood organizations to refurbish the community.

Under the Baird plan, which is not yet finalized, the $900 million Milwaukee County fund and the $500 million Wisconsin Electric fund would buy AAA rated, quasi-government-backed securities. The funds are the last stop in a series of transactions designed to strip risk from the deal.

"There's a mind-set that the process of financial engineering . . . can now start to work to serve areas of our country that are not being served, and the retirement systems are major players," said Alton Bathrick, senior vice-president at Baird.

The idea behind the deal, which involves multilayered financing, is to create a security that wouldn't normally be issued through a home-lending program and that has the same degrees of safety, liquidity and return as the creditworthy instruments pension funds have bought in the past.

The pension funds' up-front commitment to invest in the deal, plus Baird's role — as an investment banker in the transactions and an investment adviser to the funds — enables other investors to step in and assume the risk.

"We're supporting R.W. Baird and Bathrick in this end to improve various sectors of the city," said Gordon Willis, treasurer at Wisconsin Electric. "And we are also providing a market for the (government agency) securities that are created. We're not compromising returns, and we're not taking any risk."

Sources said the program is particularly innovative in its involvement of two local corporations — separate from the pension funds' investments — to help provide financing. The companies are targeting specific neighborhoods that are near their facilities and that they want to rejuvenate. And they're doing this through the creation of new securities pension investors can buy.

"I don't think it's been done where employers were looking to help their employees and were targeting specific neighborhoods," said Robert Sahadi, vice president at the Federal National Mortgage Association, Washington, which might issue some of the securities.

Under the corporate program, Wisconsin Electric is sponsoring an employer-assisted housing program to help employees purchase homes in neighborhoods that are distressed but near to where they work. Under the plan, the company would select a local bank to process the mortgages, which ultimately would be pooled and issued as securities by Fannie Mae. Pension fund investors such as Milwaukee County could buy these securities.

"They get the best of both worlds, helping their community and having the highest quality investment," said Fannie Mae's Mr. Sahadi. Fannie Mae launched an employer-assisted housing program last spring and has an economically targeted investment initiative that incorporates many of its products as well.

Under a separate initiative, WPL Holdings Inc., the parent of Wisconsin Power & Light Co., is backing a $100 million bond issue by a local housing authority — rated A+ by Standard & Poor's Corp. — to provide affordable rental housing. Pension funds could buy these securities as well.

The initiatives under way at Baird are among several new programs that could presage a new wave of economically targeted investment opportunities that meet pension investors' need for market rates of return at minimal to no risk.

The Baird plan is similar to a recent transaction in which the General Board of Pensions of the United Methodist Church, Evanston, Ill., invested $5 million in low-income housing (*Pensions & Investments*, May 11). The program, expected to total $100 million, was engineered by the Local Initiatives Management Assets Corp., New York, which is partly capitalized by the Ford Foundation, and the Federal Home Loan Mortgage Corp.

Under that program, LIMAC will purchase low-income rental housing mortgages from lenders, swap the mortgages for Freddie Mac securities, sell those securities to institutional investors and then recycle the money into new low-income housing and community revitalization.

"You've got a corporate guarantee in the WPL transaction; in the LIMAC transaction you've got a Freddie Mac guarantee; and in the employer-assisted (housing) you've got a Fannie Mae guarantee," Mr. Bathrick said.

"And all three of those securities are going to trade like normal securities."

Baird will only buy securities that meet the pension funds' benchmarks. For the county fund, the benchmark is the Lehman Brothers Government/Corporate Bond Index; the benchmark for the Wisconsin Electric fund is the Lehman Brothers Aggregate Bond Index, according to fund officials.

Meanwhile, the funds' assets are being managed according to typical fixed-income strategies. Under the terms of their contracts, the funds are giving Baird between two and three years to purchase the securities.

Richard Ferlauto, public capital coordinator for the Center for Policy Alternatives, Washington, said the dearth of traditional lending from community banks and insurance companies has led pension funds to re-examine the role they can play as investors in socially responsible programs that don't involve concessions. In addition, the federal government is putting pressure on organizations such as Freddie Mac and Fannie Mae to increase their affordable housing lending, he said.

Meanwhile, the Department of Labor's Advisory Council on Employee Welfare and Pension Benefit Plans is examining pension funds' role in economically targeted investments. The council is considering, for example, whether further regulatory or legal guidance may be necessary.

A study completed by the U.S. Government Accounting Office in June found pension fund investors have made successful investments in affordable housing, but that any federal efforts to expand pension funds' involvement should include several elements, including the ability to invest in liquid securities and the presence of government assistance in the form of subsidies or investment safeguards. ■

Drop

Continued from page 1

than $1 billion; LaSalle Advisors Ltd., which invested in high-quality office, retail and industrial properties, a $820 million reduction; Aetna Realty Investors, a core investor, or an investor in lower-risk substantially leased properties, a $750 million reduction; J.P. Morgan Investment Management Inc., which invested in some properties with high potential for income growth, a $515 million reduction; The Balcor Co., an investor in a variety of property types, a $480 million reduction; Copley Real Estate Advisors, which invested heavily in recently developed industrial, warehouse and mixed-use properties, a $475 million reduction; Equitable Real Estate Investment Management Inc., a core property investor, a $474 million reduction; Aldrich, Eastman & Waltch, which used a variety of hybrid debt and equity structured deals, reported a $470 million reduction; and Karsten Realty Advisors, which focused on opportunistic core properties, a $377 million reduction.

Some advisers reported smaller losses: GE Investments, an investor for long-term growth in a variety of property types, reported a $298 million reduction on its real estate portfolio; L&B Real Estate Counsel (formerly Lehndorff & Babson Real Estate Counsel), an investor in core properties, a $158 million reduction; and Cabot Partners L.P., an investor in office and industrial properties, a $134 million reduction.

The reversal in growth is a new experience for most of these managers. During the 1980s, they gained hundreds of millions of dollars each year. For many, the declining portfolios mean income losses at a time when they are increasing expenditures to improve or maintain leasing of office, retail, and industrial buildings.

Using a typical real estate fee of 100 basis points per year on the tax-exempt assets under management, the 50 largest real estate advisers might have found themselves with $94 million less in income for the period.

"In no small measure, the losses are attributable to the fact real estate is now being priced comparatively in the capital markets," said Nori Gerardo, a principal and consultant in real estate in the Portland, Ore., office of Pension Consulting Alliance.

Real estate money managers are being forced to price real estate down to where it can compete in returns with stock, bond and other capital markets.

She said capitalization rates, a critical factor in valuing properties, have risen significantly during the past 15 months. In the current market of declining rents, as capitalization rates rise, the value of real estate falls.

The rise in those rates generally means big losses in property values bought by advisers during the 1980s when capitalization rates were near record lows.

Simply put, going-in capitalization rates are equivalent to a current yield on real estate at the time of acquisition. Capitalization rate assumptions are used by appraisers to reflect the value of real estate assets.

"If you had a building valued 24 months ago at a 6% capitalization rate and today it is an 8% capitalization rate, even if the current income remains the same, the building had more than a 30% decline in value," said Ms. Gerardo. Consultants say capitalization rates on some office buildings have increased more than 200 basis points during the past few years.

In the 1980s, the capitalization rates used for real estate were below the current yields on 10-year Treasury securities. "In a rational pricing system, that difference between the real estate capitalization rates and Treasury current yields didn't make sense because it suggested that real estate was a safer investment than Treasuries," said Ms. Gerardo.

"There has been a fundamental repricing in real estate going on over the last 18 months," she said.

T. Robert Burke, a principal at AMB Institutional Realty Advisors, San Francisco, said he thinks the drop in assets under management is due to "a combination of writedowns, the loss of some accounts in some cases, and some managers selling off properties" because some closed-end funds have matured and many open-end funds need cash to meet withdrawal requests.

But some niche players increased their assets under management.

One of the oldest managers — The RREEF Funds — reported a gain of just more than $1 billion. Although RREEF has been known as an investor in core properties, the firm does workouts. Donald King, a partner at RREEF, estimates the firm has taken over $250 million to $300 million in real estate assets once managed by other advisers. RREEF also won some large public fund separate accounts, he said.

Another gainer was AMB Institutional, which focuses on mid-sized industrial and retail properties and does workouts. It added $504 million in tax-exempt assets.

"People are shying away from office properties and other large trophy properties. Really, the only markets that are alive today are markets that we are in, namely medium-size retail and industrial, which we invest in, or apartments," said Mr. Burke.

"But I don't want to give you the wrong impression. There isn't a lot of business out there. We have just been able to get more than our share."

Other gainers were The O'Connor Group, an investor in retail malls, $489 million; Prudential Realty Group, an investor in a variety of property types, $229 million; and Sentinel Real Estate Corp., which invests primarily in apartments, $118 million. ■

AEW

Continued from page 15

AEW-State Street Fund VI.

Another pension fund client of AEW, that of the Brown & Williamson Tobacco Co., Louisville, Ky., is having a "difference of opinion" with AEW, said Jim Caudill, director of corporate finance for the $750 million fund. He said he couldn't comment further.

Ronald C. Boller, a vice president and director of benefit and risk finance for Owens-Illinois Inc., Toledo, Ohio, said he "hates to see good men leave" AEW and he is concerned about recent personnel changes.

But, Mr. Boller said he still remains very confident about AEW. Last year, the Owen-Illinois fund decided to put all of its real estate investments — $190 million — with AEW. After a 10-year relationship with the firm, Mr. Boller said, he found AEW was the only real estate manager of the three employed by Owens-Illinois really adding value.

Although an imprecise science, determining which managers add value has become very important for many pension funds. A manager that adds value is one that provides return in excess of the market in which it has invested.

AEW's Mr. Azrack said the reorganization at AEW permits it to continue to add value for its investors in the 1990s and to continue as a "leading edge" investor in real estate.

AEW is now focusing on four lines of business: asset management — the efficient management of capital invested in existing portfolios to maximize returns; fixed income — generally, straight commercial mortgage investments; higher-yield equity investments — those targeting investments with higher risk/return profiles; and innovative investment strategies — including a broad range of investment tools from modern portfolio theory to securitization.

Mr. Azrack said AEW has added client advocates whose sole job is to look out for client interests. Previously, he said, AEW had its personnel integrated into several positions that sometimes created conflicts.

AEW still has the confidence of many of its clients, according to Renny Merritt, a director. He said those clients have coughed up more than $500 million this year for AEW to invest in straight commercial mortgages.

The departing Mr. Burd said many of the changes at AEW are good. AEW executives, he said, have "a lot of their problems behind them" and the new AEW has "more line responsibility. Before, a lot of people did different things."

"The management of the firm is now focused. That was not the case three years ago," he said.

AEW has been aggressive in writing down its properties and marking them to true values, said former director Mr. Doyle. "AEW has gone through tremendous difficulty, but they are through it. I think the bad news is behind them." ■

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Overseas

Continued from page 3

areas expected to receive added interest are currency management, emerging markets and managers offering multiple investment strategies.

Tektronix Inc., Beaverton, Ore., with a $310 million pension fund, recently made its first international investment, choosing active equities. The fund hired Baring International Investment, London, and Templeton International, Fort Lauderdale, Fla., for about $10 million each.

Chad Rennaker, analyst-treasury operations, said the fund decided to move into international equities for diversification. He said the fund will slowly increase its international equity exposure up to 10% of the total portfolio.

The $475 million pension fund of Oryx Energy Co., Dallas, decided to move to a fully active international equity portfolio from half active and half passive, said Melinda L. Boylan, manager-trust investment.

"It had been proven with past managers that we did gain value from active management, so we decided to move both our domestic and international asset classes to active management," she said.

Oryx retained Capital Guardian Trust Co., Los Angeles, which manages an active pooled account with a value bias. Rowe Price-Fleming International Inc., Baltimore, and Baillie Gifford Overseas Ltd., Edinburgh, Scotland, were added for active separate account management.

Each of the managers will run roughly $25 million.

The $4.6 billion State Universities' Retirement System of Illinois, Champaign, also moved toward active international equity management from passive, said Kenneth E. Codlin, chief investment officer.

"We decided to reduce our reliance on indexing out of a concern for the basic assumption behind indexing. That is, that markets are valued on a consistent basis relative to each other. But we have seen that value is often set by local conditions, which can vary widely," he said.

The fund reduced to $200 million from $300 million its passive international portfolio run by Wells Fargo Nikko Investment Advisors, San Francisco, and added three active international equity managers to run a total of $200 million.

Brinson Partners Inc., Chicago, will manage $100 million in an active country allocation strategy, with indexed investments within those countries. IDS International, Minneapolis, and Martin Currie Inc., Edinburgh, Scotland, each will manage $50 million.

Mr. Codlin said each manager was authorized to run a currency hedging program against an EAFE benchmark. "We will see how it goes with these managers and possibly later add a separate (currency) manager."

Eager & Associates' Mr. Davis said almost half the pension funds with more than $50 million in international equities indicate "they are looking at currency risk products and are considering whether to make a hire in this area." But Callan's Mr. Allen said such interest is not necessarily being translated into the hiring of currency overlay specialists.

The $5.7 billion Illinois Municipal Retirement Fund, Chicago, recently decided to hire a currency overlay specialist and an emerging markets manager. Walter Koziol, director-investments, said J.P. Morgan Investment Management Inc., New York, was hired late last year to run an overlay on a $136 million portfolio. Existing manager Baring International began to use a hedged benchmark in January on a $180 million equity portfolio.

"We sought to control volatility of our currency positions and to add what we hope will be significant value to our portfolio," Mr. Koziol said.

In January, Illinois Municipal invested in the Emerging Market Fund, a pooled vehicle offered by Capital Guardian. "Several of our existing international equity managers already invested to a certain degree in emerging countries. We reviewed the returns, potential returns and the possibility of risk reduction through diversification with an emerging market portfolio. We added the emerging markets investment as a diversifier to pump up our returns," he said.

The fund has $806 million, or 14% of its portfolio, in international equities and $174 million, or 3%, in international bonds.

Several consultants noted pension executives increasingly are considering a manager's secondary capabilities — whether for currency hedging or emerging market investments — as a means of distinguishing between managers they are hiring for active core international equity portfolios.

Massachusetts State Teachers and Employees Retirement System Trust, Boston, with about $6.4 billion in assets, just completed a restructuring of its international investment portfolio.

"We sought broader exposure to the international arena and enhanced returns to help us meet our targets in order to meet our underfunded pension liabilities," said Mark A. Baker, chief investment analyst.

The most critical change, he said, was changing to active global fixed income from active non-U.S. fixed income: "We sought worldwide exposure in interest rates, because we saw much more opportunities for higher returns." Scudder, Stevens & Clark, New York, and The Putnam Cos. Inc., Boston, were hired, and current manager Massachusetts Financial Services, Boston, switched to a global mandate.

In international equities, the fund had a regional focus, with one active European account and one active Far East-minus-Japan portfolio.

Three international equity managers also were hired. PanAgora Asset Management, Boston, is managing a trade-weighted passive EAFE index account; Fidelity Management Trust Co., Boston, maintains an active regional focus on Europe and the BEA Associates, New York, uses an active top-down/bottom-up strategy across all markets as well as explore emerging market opportunities.

The fund also retained Wardley International Investment Services Ltd., New York, as a Far East regional manager, only now the account will include Japanese stocks. Mr. Baker declined to give specific figures allotted to each manager.

Massachusetts Teachers' targets for international assets now are between 14% and 15% of the total portfolio, with 10% in international equities and 4% to 5% in global fixed income. ■

Demand grows for international investments

	Now use			Plan to hire		
All funds	1989	1990	1991	1989	1990	1991
International stocks	37	38	44	10	14	13
International bonds	35	15	17	3	6	5
Corporate funds						
International stocks	37	37	41	10	13	14
International bonds	36	12	14	2	4	4

Source: Greenwich Associates, Greenwich, Conn.

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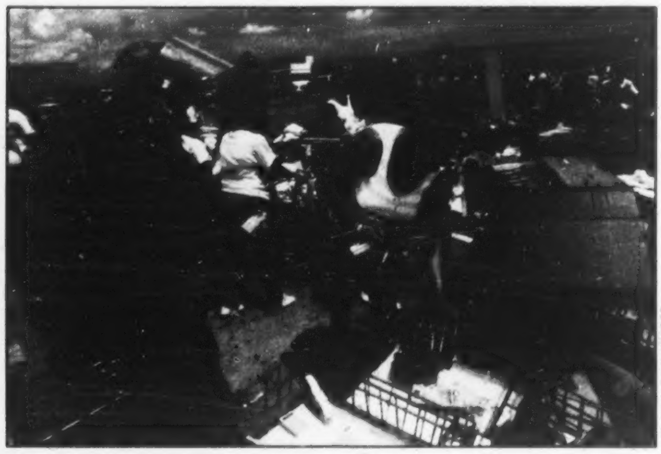
Union pension assets will help rebuild Florida



AP/WIDE WORLD PHOTOS

Union pension fund assets will be used to help South Florida rebuild following Hurricane Andrew.

AFL-CIO trusts offer up to $60 million for housing

By Curtis Vosti

The AFL-CIO will invest up to $60 million in pension assets for housing projects to speed Florida's recovery from Hurricane Andrew.

The state pension fund, however, is shying away from any involvement.

The AFL-CIO, through its housing and building trusts, is finalizing three projects to help the estimated 250,000 homeless residents and 117,000 housing units slammed by Andrew, which caused an estimated $20 billion in damage in South Florida.

According to Stephen Coyle, chief executive officer for the trusts, which control a combined $820 million from 320 pension and employee benefit funds, the projects will include government-insured rehabilitation and permanent financing.

"The AFL-CIO and the trusts will invest in South Florida," Mr. Coyle said, "but we will be looking for the secured investment."

Two projects are likely to be approved by the first week in October:: rehabilitation and construction loans to get people back into salvageable homes and permanent financing for a multifamily development the trust has tried to start since February.

"Ironically, one of the side effects of the devastation is that rental housing — which some thought iffy in a soft market — is now a viable investment," Mr. Coyle said.

A third project, likely to be approved within 90 days, is for permanent financing for affordable single-family housing that already had received the necessary permit, zoning and environmental approvals but had been stalled because of the then-oversupplied market.

The long-term investments seem to be the same approach the trusts used in South Central Los Angeles, where they have pledged $75 million toward permanent multifamily residential and commercial projects.

Mr. Coyle and Mike Arnold, director of investor relations, met Sept. 9 with representatives from the Miami Building and Con-

See **AFL-CIO** *on page 33*

AT DEADLINE

Stadium deal advances

The possibility of union pension funds financing a new stadium for the San Francisco Giants is one step closer to reality.

The union funds' proposal hinges on someone buying the team and keeping it in California. Owner Bob Lurie had said a consortium of Florida investors was buying the Giants and moving the team to Tampa. Now, however, a group recruited by San Francisco Mayor Frank Jordan says it's willing to buy the franchise and keep it in the area.

Wisconsin commits to fund

The State of Wisconsin Investment Board committed $50 million to the Commonwealth Diversified Trust, sponsored by Commonwealth Capital Strategies and managed by Robert W. Baird. The trust will invest in housing, education and employment opportunities nationwide; Wisconsin's investment will be made in-state.

U.K. trustees seek change

British trade union pension fund trustees unveiled Sept. 9 a charter for pension fund democracy, partly in response to Robert Maxwell's raiding of his company's pension funds.

The charter calls on the government to reform U.K. pension law in seven areas. Among them: Neither contribution rates nor benefits should be altered unilaterally; and fund assets must be separated from the assets of employers, safeguarded from interference by employers and used for the sole benefit of employees.

SEI exec joins Salomon

Gene Ferguson joined Salomon Brothers Asset Management as vice president of institutional marketing. He was vice president and senior consultant at SEI Capital Resources.

Pension agency leads effort to sell TWA

By Joel Chernoff
and Anne Schwimmer

Trans World Airlines Inc.'s unions and creditors — apparently led by the Pension Benefit Guaranty Corp. — are shopping around the beleaguered airline, but it looks like an unlikely sale.

A TWA pension fund is selling closed-end realty units. Page 3.

A real bid to purchase the airline could help shore up financing for the its $1.2 billion in pension underfunding and could undermine the negotiating position of TWA owner Carl Icahn. PBGC officials are frustrated with efforts to get Mr. Icahn to stand behind future payments to TWA's pension fund.

PBGC officials claim Mr. Icahn has not made a realistic offer to backstop TWA's pension obligations. They charge he twice has reduced an earlier, oral offer to provide collateral of $150 million, on top of TWA's international route authorities and a maintenance facility.

In a letter sent to Mr. Icahn last week, PBGC Executive Director James A. Lockhart urged the TWA chief to come to Washington with "a serious and realistic offer."

Spokesmen for Mr. Icahn say he has been negotiating in good faith. Terry Deneen, a pension lawyer who represents Mr. Icahn, said the TWA owner's offer to guarantee payments to the pension fund was reduced when,

See **TWA** *on page 34*

TWA
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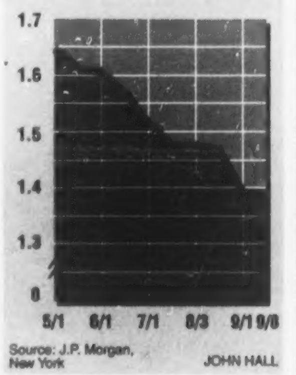
TWA

AP/WIDE WORLD PHOTOS

TWA may be shopped around by the Pension Benefit Guaranty Corp. and other creditors, but nobody's buying.

The dollar's slide against the mark



Source: J.P. Morgan, New York

JOHN HALL

Dollar's drop recasts strategies

By Christine Philip

The falling dollar is pushing some pension funds to eliminate passive currency hedging.

In addition, some pension executives might look like heroes for decisions made months earlier to move into such asset classes as international bonds, while others are trying to take advantage of the weakened dollar by giving domestic fixed-income managers permission to invest in international bonds.

In the currency area, the $67 billion California Public Employees' Retirement System, Sacramento, switched to active currency overlay from passive hedging, and the $14 billion Alaska Permanent Fund, Juneau, halted its passive currency program with the intent of devising a more effective one.

(A currency hedge will protect a portfolio should the dollar rise when the stock is sold and the foreign currency converted back to dollars. If the dollar falls, the portfolio is left with a loss, if hedged, because the foreign currency is delivered at an unfavorable exchange rate. A policy of passive hedging on a portfolio keeps the fund hedged at all times, regardless of currency movements. Tactical or active hedging is used selectively to hedge the portfolio only when necessary to protect the portfolio of foreign stocks in times of dollar strength.)

The California fund hired BEA Associates and Pareto Partners, both of New York, to hedge 25% of the fund's $7 billion international equity portfolio. The fund previously had used passive hedging strategies, which were not allowing the fund to realize the real benefits of a weak dollar, said DeWitt Bowman, chief investment officer.

Bill Means, chief investment officer of the $14 billion Alaska Permanent Fund, Juneau, said his fund's program was too restrictive (it is restricted by law to hedge only existing portfolios), and forced the fund to be in the market all the time.

"We should only hedge when we are facing a period of pro-

See **Dollar** *on page 35*

NEWS DIGEST

Some trustees of Atlanta's General Employees' fund say their quest for knowledge has been stymied. Page 6.

FINANCING

Pension funds increasingly are providing capital for corporations' and developers' projects. Page 2.

INTERNATIONAL

The falling U.S. dollar has some investors rethinking their hedging policies, while the world's markets await the French vote on the Maastricht treaty. Pages 1 and 33.

BSN's attempts to restrict shareholders' voting rights is being opposed by U.S. investors. Page 3.

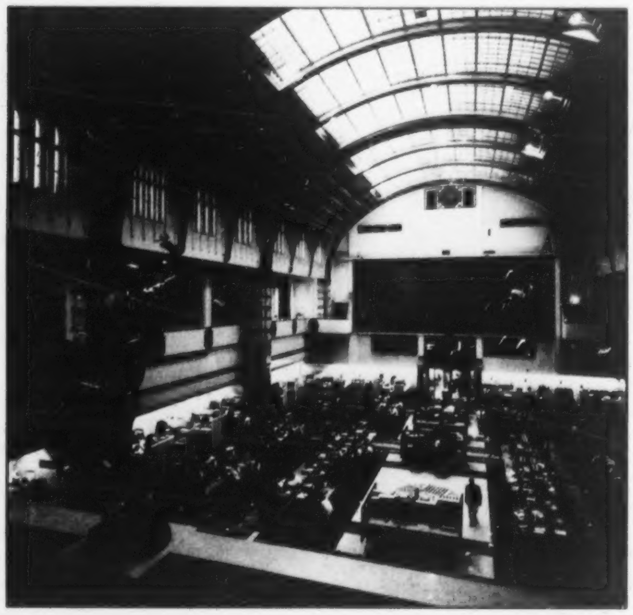
REAL ESTATE

Boeing settled DOL charges about the sale of Fund F units between two company pension funds. Page 2.

A TWA pilots fund has solicited bids for its units in three closed-end funds. Page 3.

SPECIAL REPORT: FOREIGN STOCK EXCHANGES

European stock exchanges, including the Amsterdam exchange shown below, face a struggle for market share that already has affected trading and could alter the cost to investors and issuers worldwide. Page 17.



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The cover of our Aug. 31 issue, "The 1992 Real Estate Investment Managers Directory," was created by AVID Productions, Inc.

Consultant survey mailed

Work has begun on *Pensions & Investments*' annual survey of investment management consultants. The questionnaires were mailed Aug. 21, and are due Sept. 27. The resulting profiles will be published in the Nov. 9 issue of *P&I*. If you should be included in the directory, but have not received a questionnaire, please call Karen Waters, directory coordinator, at (312) 649-5240.

Maxwell bankruptcy to aid pension funds

Personal assets may go to looted plans

By Norma Cohen

AP/WIDE WORLD PHOTOS

Kevin Maxwell was declared bankrupt following an $810 million judgment against him.

LONDON — Kevin Maxwell's bankruptcy will give trustees of looted Maxwell-controlled company pension funds a better chance of recouping some of the missing assets.

The move will allow trustees for the estate of Kevin Maxwell — the late Robert Maxwell's youngest son — far more access to information about his personal assets. If trustees locate Kevin Maxwell's personal assets, that money would replace some of the 406.6 million pounds (about $810 million) Robert Maxwell was accused of raiding from various Maxwell company pension funds.

The bankruptcy stemmed from a court-ordered payment of the 406.6 million pounds by Kevin Maxwell to the creditors of Bishopsgate Investment Management Ltd. Bishopsgate is the Maxwell-owned investment management company that controlled pension fund assets of other Maxwell companies.

Kevin Maxwell was declared bankrupt by the British High Court this month after the July Bishopsgate judgment.

Kevin Maxwell; his brother, Ian; and Larry Steve Trachtenberg, managing director of Bishopsgate, were arrested June 18 on fraud charges. The brothers were managing directors of Maxwell Communications Corp. and senior executives of Mirror Group Newspapers PLC prior to the mysterious death Nov. 5 of their father.

Peter DuBoisson, a partner with BDO Binder Hamlyn — the London accounting firm appointed by the court to take control of Kevin Maxwell's assets — said he intended to question "as many people as required" to help identify assets.

The inquiry is expected to take Mr. DuBoisson to Liechtenstein, where personal trusts controlled by Robert Maxwell were based, as well as to the United States, where the trusts are believed to own interests.

Under British bankruptcy rules, Mr. DuBoisson can interview anyone who might have any information on Maxwell assets.

Mr. DuBoisson's role is to identify and realize for creditors existing assets and any that have been disposed of by Mr. Maxwell in the past five years. ■

Project financings explored

Pension investors fill void left by traditional funding sources

By Marlene Givant Star

At a time when tax incentives for finance companies and other traditional project financiers have dried up, companies and developers are turning to pension funds for capital.

Pension funds have invested $2 billion to $2.5 billion in equity in energy-related project financings, according to Arthur Carlson, managing director of Trust Co. of the West, Los Angeles. He didn't quantify investments in industrial deals because pension funds typically count those as private placements.

TCW is among several firms attempting to raise an estimated $1.5 billion in project finance limited partnership funds. TCW hopes to raise $500 million in oil and gas and cogeneration equity and mezzanine limited partnership funds by late fall, leveraging its experience managing a cogeneration separate account for a large union pension fund.

"There are not a lot of project finance funds out there. It's relatively new. Traditional lenders are not available, so some of these firms have now tried to tap the pension fund market," said Jay Fewel, equity investment officer of the $14.5 billion Oregon Public Employes Retirement System, which invests 8% to 9% in alternative investments, including project finance.

"Project finance is something pension funds are turning to as an interesting new asset class," said John Buehler, vice president-development and general counsel of Energy Investors Inc., Boston. The firm manages an equity limited partnership fund investing in cogeneration projects and is rumored to be raising a second fund.

The Deerpath Group, Lake Forest, Ill., is seeking to raise at least $500 million from tax-exempt investors for a diversified project finance private equity fund. Oregon officials confirmed their fund is one of the investors, and others are believed to be the state pension fund in Louisiana and the NYNEX Corp. pension fund. Officials at the California Public Employees' Retirement System said they are talking to Deerpath, but have not formally committed to the fund. The fund's first closing is expected by late summer.

"The big thing has been energy; however we're seeing more projects with industrials. Those type projects can be just as good in terms of returns and quality," said Tom DePre, managing director-investment banking, Donaldson, Lufkin & Jenrette Securities Corp., New York.

See **Projects** *on page 31*

Boeing must repay pension plan

By Terry Williams

SEATTLE — The Boeing Co. must pay its pension plan $22 million and guarantee the value of the plan's investment in a beleaguered commingled real estate fund to settle Labor Department charges the company violated ERISA.

The Department of Labor charged Boeing violated the Employee Retirement Income Security Act when a defined contribution plan sold units in a realty fund for $55 million to a defined benefit plan.

Boeing's Voluntary Investment Plan sold 138,228 units in Fund F, a $478 million open-end commingled real estate fund sponsored by First National Bank of Chicago, to the Boeing Co. Retirement Plan.

Defendants in the Labor Department's complaint, filed Sept. 1 in U.S. District Court in Seattle, are members of the investment committee of both plans. In agreeing to a consent judgment, the defendants did not admit or deny any of the allegations.

Boeing pension officials would not comment. In a prepared statement, Boeing officials said: "The dispute involved the application of technical procedural requirements of federal pension laws to a 1988 real estate investment.

"While Boeing disagreed with the Department of Labor's interpretation of these procedural requirements, it decided to resolve the matter in the interest of avoiding litigation costs."

The Labor Department said in its complaint that the defendants "represented a party whose interests were adverse to the interests of the Retirement Plan or the interests of its participants and beneficiaries, in violation of ERISA."

The Labor Department noted that, at about the same time the Boeing deal was in the works, Fund F had redemption requests of $62 million pending, but available cash of only $23 million to meet the requests.

Twenty-three pension funds

See **Boeing** *on page 35*

Buy-out boutiques woo new partners

Firms seek $9.7 billion as capital dries up

By Anne Schwimmer

The tables have turned in buy-out fund raising.

Once, general partners had investors lined up around the block for a piece of the action. Now, the limited partners — pension funds — are being inundated with new proposals from cash hungry buy-out boutiques. Sixty partnerships are trying to raise $9.7 billion for non-venture capital related equity investments, according to The Private Equity Analyst, a West Newton, Mass., newsletter.

(Some 11 buy-out funds have raised a total of $2.531 billion during the first six months of 1992.)

Available capital is scarce. Some investors, such as the Washington State Investment Board, are scaling back their alternate investment allocations. Compounding that scarcity is general partners' inability to leverage their equity as much as they once could, so they need to raise new money more frequently.

Where once a company could have been purchased for 5% equity and 95% debt, now an initial equity investment of 25% of the purchase price is closer to the norm.

That means $1 billion doesn't stretch as far.

It also means pension executives who hold the purse strings can be more selective and can hold out for better terms before participating in the partnerships.

"The only time a fund has an opportunity to negotiate better terms is when there's difficulty raising money. General partners do not generally go around making gifts to limiteds," said Basil Schwan, executive director of the Washington state board. Washington's $16.5 billion defined benefit plan has cut back its combined leveraged buy-out and venture capital allocation to 9% from a high of 12%.

"When you're at the bottom of the cycle, it's a difficult fund-raising environment," said Russ Steenberg, vice president-corporate finance at AT&T Investment Management Corp., which oversees the $35 billion American Telephone & Telegraph Co. defined benefit plan. "Terms and conditions are different than what they have been."

Among the new features being incorporated into the partnership agreements:

- Priority returns. Limited partners get first crack at returns from a maturing investment. Previously, returns were allocated to both limited and general partners simultaneously. Now, a typical requirement might be that where a 10% to 30% return is ultimately expected, the first 10% must be distributed to the limited partners before the general partners receive their distribution.
- Side-by-side investing. Limited partners have the chance to invest additional money along with the partnership in given deals, but outside the partnership agreement. Under some arrangements, this investment is made without paying management fees or sharing profits with the general partner.
- General partner investments. General partners are expected to put up more of their own money.

"General partners are putting more money in to show their commitment to the deal," said Douglas Le Bon, managing director of Pathway Capital Management, a Los Angeles-based firm that provides investment management and consulting services in the alternative investment area.

- Advisory committees. Limited partners are looking for "the right to comment (on individual deals) more than anything else," said

See **Buy-out** *on page 33*

Buy-out fund closings

(First half 1992, $ millions)

	Raised in 1992	Total to date
Atlantic Equity Partners L.P.* First Atlantic Capital Ltd., New York	$25	$50.3
Castle Harlan Partners II L.P.* Castle Harlan Inc., New York	160	160
DLJ Merchant Banking Fund L.P.* Donaldson, Lufkin & Jenrette, New York	550	550
GS Capital Partners L.P. Goldman, Sachs & Co., New York	1,000	1,000
Hellman & Friedman Capital Partners II L.P.* Hellman & Friedman, San Francisco	216	837
Horizon Master L.P., L.P. Brentwodd Associates, Los Angeles	54	54
IMR Fund L.P.* Jacobs Investors Inc., New York	420	420
Kidd, Kamm Equity Partners L.P.* Kidd, Kamm & Co., Greenwich, Conn., & Los Angeles	30.5	113.5
NCO Investors II L.P. Nagelvoort & Co., New York	3.3	5.3
Pfingsten Executive Fund L.P.* Pfingsten Partners L.P., Deerfield, Ill.	20	20.3
Texas Growth Fund TGF Management Inc., Austin, Texas	52	52

*Fund is still open.
Source: The Private Analyst, West Newton, Mass.

KIMBERLY MART

MICHAEL A. MARCOTTE

BSN, owner of the Evian and Dannon brands, is coming under fire from U.S. institutional investors.

Parlez-vous proxies?

U.S. investors fight French firm's voting rights limits

By Marlene Givant Star

PARIS — U.S. investors are going out of their way to oppose a proxy resolution limiting shareholder voting rights at BSN S.A. in a year when many U.S. investors are voting foreign proxies for the first time.

BSN, a Paris-based food and beverage conglomerate, will hold a special shareholder meeting Sept. 30 to seek approval to ban any investor from exercising voting rights of more than 12% of its equity.

Under BSN's proposal, voting rights would be limited — regardless of a holder's actual ownership level — to a maximum of 6% for shares with standard voting rights and 12% for shares that have been held for at least two years and therefore have double-voting rights.

Restrictions would be waived if a single shareholder owned at least 90% of the stock. Approval is needed from two-thirds of stockholders.

The Association pour la Defense des Actionnaires Minoritaires, known as ADAM, is hoping to mobilize U.S. and U.K. investors to oppose the voting rights limitation.

ADAM, established in France last year to defend minority investors in a corporate wrangle over the Au Printemps department store chain, contends the proposal entrenches management and might depress the price of the stock as speculators desert BSN. And, if BSN is successful, ADAM might try to invoke a securities rule that states that when a company is significantly restructured, it might have to offer to buy back minority shareholders' stock.

Several U.S. institutional shareholders say they oppose the voting rights limitations, contending they are a takeover defense. Still, passage is virtually certain because French shareholders — which own the majority of BSN's stock — traditionally vote with management.

"Naturally, we would be voting against that. . . . It flies in the face of everything we believe in," said Mary Ellen Andersen, director-corporate and investor relations of the $10 billion State of Connecticut Trust Funds, Hartford. Connecticut owns 30,000 shares of BSN, and is making a special effort to obtain the proxy from its custodian.

Ms. Andersen believes it was no accident the company — which owns Dannon yogurt, Evian mineral water and Kronenbourg beer — proposed the change in August, rather than at its spring annual meeting.

"Everybody is on vacation now. (France) kind of shuts down in August. I'm sure it was a management decision to do that," Ms. Andersen said.

Other U.S. shareholders also oppose the move.

"We have voted against both (provisions) consistent with our policy set by our trustees. We're for one share-one vote. We apply

See **BSN** *on page 32*

Pilots fund selling realty shares

By Terry Williams

WASHINGTON — A pension fund for pilots at troubled Trans World Airlines has taken the unusual step of soliciting sealed bids from prospective buyers for its $24 million worth of shares in three closed-end funds.

G. Leslie Smith, executive administrator of the Trans World Airlines Pilots Trust Annuity Plan, confirmed the plan has solicited bids, but declined to identify the funds. *Pensions & Investments* has learned, however, the pension fund is selling its shares in TCW Realty Advisors' Realty Fund IV, a core property fund invested nationally. In addition, it likely is selling shares in two funds managed by State Street Bank & Trust Co./Aldrich, Eastman & Waltch L.P., Boston.

"My understanding is they are looking at selling all of their real estate," said Bruce Ludwig, senior partner with TCW Realty, Los Angeles.

According to Mr. Ludwig, TWA is selling its shares in Realty Fund IV because it needs liquidity, not because of dissatisfaction with the performance of the fund.

"They want to get it as liquid as possible, given the stories about TWA today," said Mr. Ludwig. He declined to say how much the plan had invested in the fund.

Officials at AEW and State Street Bank would not confirm the TWA pension fund was selling shares in their funds.

According to the 1992 Money Market Directory of Pension Funds and Their Investment Managers, the TWA plan had assets totaling more than $886 million as of December 1990. Real estate makes up 9% of the portfolio, according to the MMD.

Information on the three commingled funds will be available to prospective bidders by Oct. 1. Sealed bids will be accepted until Nov. 9. No other details of the sale were disclosed.

Establishing an efficient marketplace for these types of transactions to occur has been a dilemma for the pension real estate industry.

"No one has ever come up with an efficient way," said Robert Kilroy, vice president-asset management with State Street Bank.

Shares of closed-end funds usually change hands through a private one-on-one transaction between buyer and seller.

"Prior to this, (shares) have been placed by those (consultants) that are close to the situation," said Blake Eagle, consultant with The Frank Russell Co., Tacoma, Wash. "Consultants have func-

See **Bidding** *on page 35*

REAL ESTATE

Crowded Europe gets a different realty picture

■ While increasing vacancy rates and declining absorption continue to plague major North American real estate markets, Europe is enjoying some heady times.

A survey of office space in 51 cities in nine countries, conducted by ONCOR International, a real estate services firm in Houston, showed the 15 European markets surveyed accounted for about 75% of all new construction as of June 30. Construction in U.S. markets dropped 68% between mid-1991 and mid-1992.

Five U.S. cities — New York, Chicago, Los Angeles, Washington and Houston — account for 50% of all available space internationally. Europe's overall office vacancy rate is 4.8%, vs. 20.4% for the United States and 21% for Canada. In Europe, only London has a large amount of available space and high vacancy rates.

ONCOR also found that, at current absorption rates, Europe has only a 1.4-year supply of office space, while the United States has a 23-year supply and Canada, a 61-year supply.

Rent, meanwhile, often is higher in Europe. Although New York City's office space continues to be the most costly in the United States, office rents in several European cities — including London, Frankfurt and Amsterdam — are more than triple those in New York.

— Nancy K. Webman

MARY HERLEHY

The skyline of Chicago, one of five U.S. cities that together make up half of all office space internationally.

BENEFITS

Multiemployers cool to flex plans

■ Though single-employer plans offering flexible benefits have grown to several thousand today from 200 in 1984, multiemployer plan sponsors have shied away from the option.

Multiemployer trustees have looked at flexible benefits or cafeteria plans as no more than a sophisticated method of cutting benefits and too complicated to administer, according to a report prepared for The Segal Co., "Flexing Multiemployer Plans."

The report said flex plans make participants aware of the real cost of benefits and allow plan sponsors to respond to the diverse needs of a changing work force, offering benefits that might otherwise not be available.

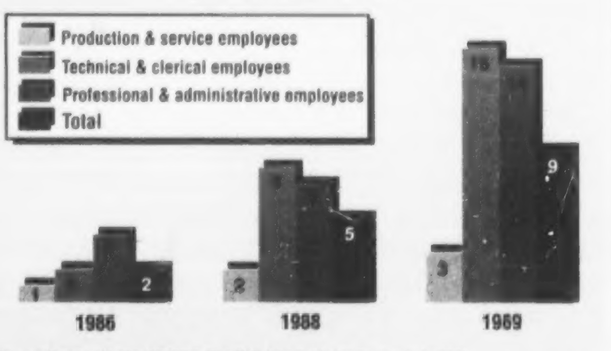
Though some sponsors feel offering employees freedom of choice can result in poor choices or a loss of benefits, the report said the opposite is true. Most employees respond positively to flexible benefits and, with proper communication and plan design, do retain adequate coverage.

The most difficult part of financing flexible benefits for multiemployer plans has been the benefit credits. Benefit credits represent an allowance to participants used to "buy" benefits under the plan. Additional credits can be given for benefits not used. According to the report, the credits can be structured to encourage employees to buy options that accomplish the plan sponsor's objective.

— Sabine Schramm

Percent of full–time employees eligible for flexible benefits plans (1986-'89)

(Percentages shown)



Source: Bureau of Labor Statistics. The BLS did not release the survey in 1987. The 1989 edition is the most recent available.

CHRIS ROY

INTERNATIONAL

Canadians gorge on U.S. stocks

■ Freed from regulations restricting their foreign investing, Canadian pension plans are pouring money into the U.S. stock market just when most other foreign investors are backing off, according to a report from the Securities Industry Association.

In the first quarter of 1992, Canadian investors purchased $892 million worth of U.S. equities, while in the fourth quarter of 1991, they already had purchased $1.2 billion worth, the report said. Canadians have bought $6.1 billion worth of U.S. stocks since the third quarter of 1990.

The Canadian pension funds are experiencing their first taste of freedom since being set loose to put 16% of their portfolios in foreign markets for this year. By 1994, they will be allowed to place 20% of their assets in foreign securities (*Pensions & Investments*, July 11). Also pushing Canadians into the U.S. market is the poor return of Canadian equities — −2.6% for Canada in the year ended June 30 vs. 14% for the United States, according to Morgan Stanley Capital International.

Meanwhile, other foreign players are taking a more cautious stance, anticipating the U.S. stock market might be topping off after a long and profitable run. "The investment posture of European and Japanese investors was decidedly negative," the report said.

Europeans sold $1.5 billion of U.S. equities, while Japanese investors sold a record-breaking $3.3 billion worth in the first quarter.

— Anne Schwimmer

PENSION FUNDS

Business effort reaches out to L.A. students

■ The pension investment group at Southern California Edison Co., Rosemead, Calif., has just completed its first academic program for young adults.

The Summer Business Institute program, part of the effort to rebuild Los Angeles following the May riots, lasted six weeks and featured several field trips for 34 high school students from South Central Los Angeles and East Los Angeles.

Addressing the first students to complete the program, Charles Valdez, chairman of the $67 billion California Public Employees' Retirement System, said: "You have learned about the stock market and the productive use of capital investments. All of us have learned that to rebuild L.A. we must make an investment in human capital."

Rick Yamamoto, director-pension investments for the $2.5 billion fund at Southern California Edison, said finding teachers was made easier through the help of CIC Asset Management, a Hispanic-owned investment advisory firm in Los Angeles.

Students learned to develop and present a business plan for an enterprise they could undertake during the academic year. The businesses included selling bakery goods on campus, a party decoration service and distribution of earthquake preparation kits.

The students received a stipend based on attendance and competed for scholarships based on the results of a stock market contest and the business plan presentations.

Financial contributors to the institute included: Southern California Edison; Capital Group, Los Angeles; Trust Co. of the West, Los Angeles; Hotchkis & Wiley, Los Angeles; Payden & Rygel, Los Angeles; Dimensional Fund Advisors, Santa Monica, Calif.; CIC Asset Management, Los Angeles; NWQ Investment Management Co., Los Angeles; Bank of America, San Francisco; and the Los Angeles office of Morgan Stanley Co. Inc.

— Steve Hemmerick

SOCIAL INVESTING

System created for green rating

■ Eco-Rating International, a new company in Zurich, Switzerland, has developed an environmental rating system for companies held by "green" funds.

Robert Chanson, an environmental lawyer, founded the company in June after perceiving a need for a scientific, rational ecological rating for companies in all industry sectors worldwide.

"Many green funds also consider pragmatic or ethical factors, such as whether women are in top management positions, in deciding whether to invest in a company. But you can't mix two different kinds of evaluation systems. We really saw the need for a scientific, objective ecological rating system, that excluded subjective concerns," said Mr. Chanson.

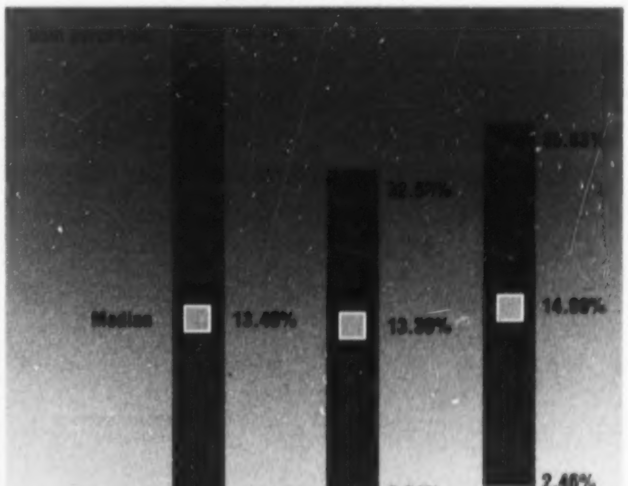
The Eco-Tech Rating System assigns a value to each product or activity of an environmentally related company. The system screens for any negative effects and only gives positive scores to activities and products that produce a net environmental gain, such as manufacturers that produce energy-efficient appliances and save energy in the production process. The scores for each activity are totaled, giving an overall ecological rating to a company.

The total score for each company in a portfolio is combined to determine how "green" a fund really is. "In our view," said Mr. Chanson, "the Eco-Tech rating helps an investor to decide whether he is getting the maximum environmental benefit with his investment. It may also compel a green fund to improve the overall environmental quality of the companies it includes in its portfolio."

— Christine Philip

Tremont universe of limited partnerships

All figures are after expenses and management fees but before performance fees. Returns for periods more than one year are annualized.
(Periods ended June 30)



INVESTING

Cloud hanging over tobacco stocks starting to clear

Tobacco stocks such as RJR Nabisco, which manufactures the products shown above, have a bright outlook, according to S&P.

■ The smoke may be clearing for tobacco stocks, according to a report by Standard & Poor's Corp.

Although tobacco issues have only tracked the market so far this year after posting solid gains in the past two years, S&P predicts the market soon will recognize the value of the sector. Despite declining domestic consumption, markets in Asia and Europe are picking up the slack.

After gyrating in response to the U.S. Supreme Court's late June ruling in a key product liability case, share prices have stabilized.

The court ruled that warning labels exempt tobacco companies from liability in cases where smokers charge they were not adequately warned of the risks of smoking after 1969, four years after labels were required. Plaintiffs may not base their suits on advertising or promotions published after 1969.

S&P thinks tobacco companies won on what were the most damaging issues. In addition, the ruling narrowed areas of litigation available to plaintiffs.

"Without overwhelming evidence of industry wrongdoing, juries are not likely to be any more receptive to smokers' suits than they have been in the past," said Kenneth Shea, a tobacco equity analyst, in the latest issue of The Outlook, an S&P investment advisory newsletter.

Over time, the price/earnings ratio of tobacco stocks should expand to at least the market multiple; currently the shares are selling at a 17% discount to the S&P 500, he said.

He recommends **American Brands Inc.**, **Philip Morris Cos.** and **RJR Nabisco Inc.**

— Marlene Givant Star

INTERNATIONAL

Stock picks not managers' forte

■ Ennis Knupp & Associates, Chicago, used its 1992 Survey of Non-U.S. Stock Market Suitability to show managers apparently do not add value through stock selection in non-U.S. markets.

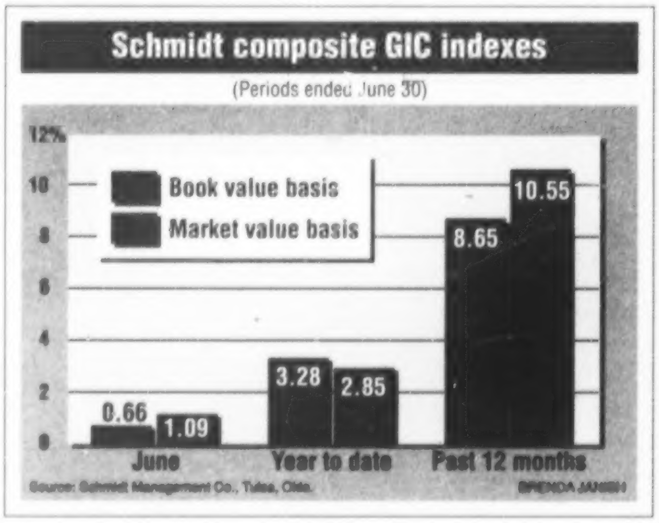
EK&A looked at analyses by the WM Co. PLC, Edinburgh, Scotland, which showed the median manager's stock selections in individual markets failed to outperform the respective local market index in all but a few cases.

EK&A theorized that for most international managers, the goal is to outperform the Morgan Stanley Capital International Europe Australia Far East Index. So, a successful manager might try to pick stocks worldwide that would increase the possibility the total portfolio would outperform the EAFE. Such selections would be made without regard to whether they would help the manager outperform local indexes.

To test the relevance of this theory, EK&A surveyed 25 managers to determine the extent to which their security selection within a market is influenced by a need to outperform the EAFE rather than a local index. The EAFE benchmark had virtually no effect on stock choices for 40% of respondents in particular markets. The EAFE benchmark caused 55% of those surveyed to choose "somewhat different" stocks in a market than they would otherwise.

EK&A's conclusion is that "These responses suggest that the naive interpretation of the median manager's indifferent stock selection record, that the typical manager lacks stock selection skill within markets, is true."

— Christine Philip



Schmidt composite GIC indexes

(Periods ended June 30)

Source: Schmidt Management Co., Tulsa, Okla.

MONEY MANAGERS

Adviser sets quality as top priority

■ Thomas M. Heller is a man with a mission: "to serve the 'total quality management' community with a relentless pursuit of quality in our products and process."

His products are not automobiles or toasters. They're active and passive equity portfolios of companies dedicated to "TQM principles."

To construct portfolios, his new firm, Total Quality Asset Management Inc., Lincoln, Mass., actively manages a universe of publicly held TQM companies from which it identifies stocks with valuation levels that either "fail to reflect anticipated earnings quality opportunities or excessively discount past earnings disappointments," Mr. Heller said.

Clients may invest passively in the whole universe or actively in a selection of companies chosen from the universe.

Quality management provides a framework for refining controls and procedures of an organization.

A key tenet of quality is efficiency, and in that regard Mr. Heller practices what he preaches. By meeting with vice presidents of quality control at corporations around the country, he'll be able to conduct investment research and market his services at the same time.

Much of the firm's methodology is based on the work of Mr. Heller's mentor, Shoji Shiba, a professor at Tsukuba University in Japan and at the Massachusetts Institute of Technology's Sloan School of Management.

Because Mr. Heller's background is in product management — he was in product management at IBM Corp. and Lincoln Electric Co. — Total Quality has appointed a bank in the Boston area to apply his quantitative models. He could not name the bank because contracts haven't been signed as yet.

— Marlene Givant Star

CONSULTANTS

Ex-Baring exec tries consulting

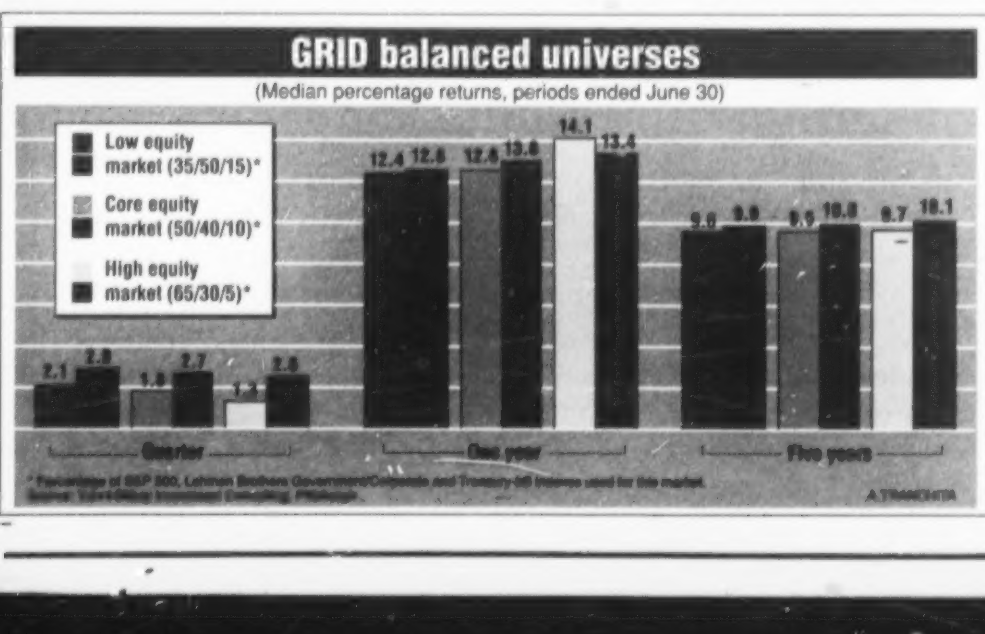
■ John Morrell, retired chairman of Baring International Investment Ltd., London, has started an investment consulting firm, John Morrell and Associates, London.

He will be seeking clients in the United States and the United Kingdom.He started his consulting firm July 1 with four others.

Mr. Morrell said that since his retirement from Baring last year, he had been involved in the development of the business school at Oxford University, and with a charity in Indonesia, but found he missed the investment business.

Mr. Morrell has strong opinions about how cross-border investing should be structured, based on his experience with Baring. In particular, he believes active management can add significant value outside the United States, if properly structured.

— Michael J. Clowes



GRID balanced universes

(Median percentage returns, periods ended June 30)

BENEFITS

Companies offer early retirement

■ Early retirement windows were offered by 38% of the largest U.S. industrial companies in 1990 or 1991, according to a survey by The Wyatt Co., Washington. Most Fortune 50 industrial companies were included in the survey.

In 1991, 14 companies offered a window and seven of those also offered early retirement in 1990. During the past 10 years, 38 companies (76%) offered at least one retirement window and 56% offered more than one window.

Of those 38 companies, six (16%) used a cash incentive, 20 (52%) used a pension incentive, and 12 (32%) used a combination. A window period of from one to three months was offered by 31 companies (82%) for their most recent offer. Eligibility for the retirement offer was based on age and/or service requirements for most companies. For 13 companies (34%), the minimum age requirement was 55; for 10 companies (39%), the minimum service requirement was 10 years.

Desired staff reductions appear to have been achieved through the 1991 windows offered. Of 13 companies responding concerning their goal for 1991 programs, 10 reported the number of employees taking up the offer met the company's objectives.

— Christine Philip

EDUCATION

IIT plans course for new degree

■ The opening bell of the exchange floor will be ringing in school this fall.

In November, the Stuart School of Business at the Illinois Institute of Technology will begin offering a master's of science in financial markets and trading, the first degree program in the study of the capital markets.

M. Zia Hassan, Stuart School dean, said the new degree will offer more concentration in the area of investments and markets than a master of business administration can. "We think we will attract students who already have an MBA and who want to specialize further," he said.

The curriculum consists of 16 courses, 14 of which must be completed to receive the degree. The school will charge $1,100 per course, or about $15,000 for the entire program, said J. Clark Hesson, director of the program. Messrs. Hassan and Hesson estimate the program will attract 50 to 100 students in the beginning, when four courses will be offered.

Mr. Hesson said the program covers some similar material as the program for a certified financial analyst, offered by the Association for Investment Management and Research, Charlottesville, Va.

— Barry B. Burr

London, Continental exchanges square off

By Joel Chernoff

Dramatic changes are under way in European markets, as London and the Continent duke it out for market share.

Key shifts identified in this story include:

- Improved clearance and settlement
- Lower commissions and taxes
- Computerized order-driven trading in Paris
- Frankfurt's IBIS system for blue-chip stocks
- Amsterdam's struggle to win back trades
- The fight over market transparency
- London's "interprofessional" market idea

While France votes this Sunday in a closely watched referendum on the fate of the European Community, European stock exchanges face a similar struggle in deciding whether they can live together harmoniously.

At issue is the future shape of European exchanges, and the costs to investors worldwide and companies seeking to raise capital. The current battle for market share between the London Stock Exchange and its Continental competitors is resulting in dramatic changes in how stocks are traded in these markets.

JOEL CHERNOFF

Jean-Francois Theodore thinks exchange cooperation is one key to a united Europe.

In the short run, added competition should drive down the cost of trading. But some experts worry additional fragmentation of the markets in the long run might serve to increase costs and harm liquidity.

The highest stakes now rest on large block trades of non-British stocks, for which London has built an extraordinary dominance in the past decade. The questions in the minds of European traders are: Will London be able to retain its supremacy, or will Continental exchanges — particularly in Germany and France — be able to take back trades lost to London? Or will a pan-European system for trading major European stocks eventually emerge?

"If (a united) Europe is going to be a reality . . . the challenge is going to be cooperation," said Jean-Francois Theodore, chairman of the Paris Bourse.

For U.S. institutional investors, answers to these questions directly affect the cost of trading European stocks. While hard data for total transaction costs is not available, it's clear trading European stocks is an expensive proposition.

"It's probably two to three times more expensive to trade in Europe than in the U.S.," said Stan Beckers, director of BARRA International, London.

U.S. pension fund international investments keep soaring. InterSec Research Corp., Greenwich, Conn., projects international holdings by U.S. tax-exempt funds will grow to $295 billion by the end of 1995, up from $125 billion at the end of 1991 and $50 billion at the end of 1987.

Given that European stocks now comprise virtually half of the Morgan Stanley Capital International Europe Australia Far East Index, U.S. tax-exempt investors might own nearly $150 billion in European stocks in just a little more than three years.

Competition rising

While the London Stock Exchange claims it handles 95% of all cross-border trading activity in European stocks — a number its critics say is highly inflated — exchanges throughout the Continent are fighting to repatriate trades through a variety of measures: improving clearance and settlement procedures; trimming or dropping transaction taxes; eliminating fixed commissions; installing new, computer-driven trading systems; and making it easier to transact block trades.

Some Continental exchanges are starting to meet with success. The Frankfurt Stock Exchange's screen-based IBIS system, for example, has garnered 20% to 30% of the trading in German blue-chip stocks in its 17 months of operation. Trading in German stocks in London fell to less than 10% of volume last year from about 12% in 1990, German officials say.

The fight over market share also has led to a raging debate in international equity circles between the pros and cons of London's dealer market, a NASDAQ-type system in which investors obtain quotes from dealers who make markets in different stocks, vs. the highly automated order-driven systems used in Paris, Madrid, Lisbon and Brussels that match buy and sell orders in a central market.

"It's become a point of religion, really," said George Hayter, formerly managing director of the London exchange's trading markets division and now a private consultant on trading systems.

Meanwhile, over-the-counter trading in European stocks is a growing threat to the exchanges. As much as 43% of total European Community turnover in equities may be unrecorded or traded off-exchange, according to a European Federation of Stock Exchanges survey cited by the Bank of England. Others, however, say the figure is nowhere near that high.

The upshot is that London's vaunted position as the center for institutional cross-border trades might be threatened. "We're worried London will become complacent with its pre-eminent position," said Peter Moon, investment manager for British Airways PLC's 4 billion pound (about $8 billion) pension fund and chairman of the National Association of Pension Funds' stock exchange affairs committee, London. "Complacency is the danger."

London's historic role

British investors tend to be chauvinistic about London's role as a financial center. "The natural center is London, as a matter of history," said Howard Stainsby, head trader at Henderson Investment Management Ltd., London.

In 1773, English brokers formally adopted the name "Stock Exchange." It wasn't until 200 years later, however, that British brokers faced stiff competition from foreign firms. In 1979, exchange controls were lifted, enabling British pension funds to invest their money abroad. The British brokers lacked adequate capital to compete with foreign firms until 1986, when the "Big Bang" enabled domestic and foreign banks and securities firms to buy British brokers. Also, fixed commissions were abolished.

The London Stock Exchange's emergence as the international center of cross-border trading, however, only became clear after it created SEAQ International in 1985 from what had sprouted up as an OTC market.

Like SEAQ, its sister system for British stocks, market makers offer competing bids for stocks in 680 non-U.K. companies. Market makers are obliged to trade within the bid-ask spread, up to the size offered. But trades done by large institutions often are done at a negotiated price within the spread.

London's supremacy in block trades became apparent quickly. In the past two years, the London Stock Exchange — the world's third largest stock exchange — traded nearly as much in foreign stocks as in British stocks.

In 1990, London accounted for 54% of turnover for Swedish shares and 51% for Dutch shares relative to trading on the home exchanges, according to the Bank of England. For other countries, it accounted for 26% of French shares trades, about 20% for Italian and Spanish shares, 29% for permanently traded Swiss shares, and 12% for German shares. But for many major European stocks, SEAQ International provided the majority of trading — a fact that often rankled home market officials.

Officials on the Continent, however, say stock prices are set in the home country, and trading in London grinds to a halt when the home market is shut. "The liquidity of French stocks is in Paris, not anywhere else," said Pierre Fleuriot, chief executive at the Commission des Operations de Bourse, Paris, the French securities market regulator.

Continental response

Determined to counter the trend, rival European capitals have taken strides to become more competitive and recapture at least some of the trading that has migrated to London. (British officials stress, however, they have helped increase total volume by enhancing liquidity.)

One of the key areas where some Continental markets surpass London is in clearance and settlement.

The Frankfurt Stock Exchange provides settlement within two days of the trade (it can go up to five days for foreign investors). Similarly, the Paris Bourse has made a hefty investment in its RELIT clearance and settlement system. In March, the settlement period was trimmed to three days after the trade from five. Previously, trades had settled anywhere from once a week to once a month.

London, meanwhile, is at a significant disadvantage, at least for now. It settles transactions only after two-week account periods.

Southern European markets tend to be more expensive because they still use physical certificates and are only gradually converting to paperless depository institutions, said Andrew Osborne, vice president, Chase Manhattan Bank, London.

While Portugal and Spain are in the process of switching to electronic systems, northern European markets such as France, Germany, the Netherlands, Switzerland and the Scandinavian countries have central depositories in place, he noted.

Increasingly, risks incurred from slow clearance and settlement are viewed as a negative. "We are quite clear that the '90s will be the decade of risk reduction," said Rudinger von Rosen, managing director of the Frankfurt Stock Exchange.

"People will say that the high cost is not the front end but the back end," explained Harald Schlawin, senior vice president, Deutsche Bank AG, Frankfurt. High settlement costs "will kill you," he added.

The London Stock Exchange's long-delayed TAURUS settlement system should end its problems, eventually shrinking the settlement period to three days after the trade. Plagued by a series of regulatory delays and problems in the security system provided by IBM Corp., exchange officials hope the system will be running in the second half of 1993.

Continental exchanges also have abolished fixed commission schedules (France, Spain and the Netherlands) and reduced or eliminated transaction taxes in order to become more competitive.

But the so-called stamp duty that applies to domestic transactions remains a major stumbling block for some exchanges, especially because those taxes do not apply if the trades are made through London.

French officials and brokers chafe at the stamp duty of 30 basis points on trades up to 1 million francs and 15 basis points thereafter. "As long as we have the stamp duty, we will not be competitive," said Francois Bacot, chief executive, Bacot-Allain, the Paris brokerage subsidiary of Warburg Securities.

London itself has a stamp duty of 50 basis points on purchases of

See **Europe** *on page 18*

A snapshot of world markets

Country (major index)	Stock market cap (U.S. $billions)[1]	No. of companies listed[2]	Major market return year-to-date[3]	Market p/e[4]	1991 annual turnover (as % of total market cap)[5]
Australia (ASX All Ordinaries)	144.0	1,059	-12.06	23.4	31.3
Austria	26.7	177	-13.51	24.8	na
Belgium (BEL 20)	73.3	336	4.72	13.6	na
Denmark	41.1	294	-13.25	108.9	na
Finland	13.6	65	-21.75	-7.4	na
France (CAC 40)	377.2	782	3.70	14.9	34.9
Germany (DAX)	392.0	1,243	5.67	16.3	136.1
Hong Kong (Hang Seng)	180.0	357	31.84	15.7	41.6
Italy	144.5	224	-18.36	21.6	25.0
Japan (Nikkei 225)	2,119.7	1,640	-20.33	30.2	38.9
Netherlands (CBS All-Share)	139.8	677	9.12	13.3	34.8
New Zealand (NZSE TOP 40)	15.6	198	-1.8[5]	13.5	na
Norway	21.6	112	-7.73	-15.8	na
Singapore (Straits Times)/	82.7	183/	-6.05/	17.9	na
Malaysia (KLSE)		324	13.03		
Spain (IBEX 35)	121.7	433	-11.98	9.3	36.0
Sweden (OMX)	106.8	127	-5.76	21.5	14.0
Switzerland	216.5	551	13.69	15.1	na
United Kingdom (FT-SE 100)	1,030.1	2,460	-1.40	16.2	18.1
United States (S&P 500)	3,707.3	6,796	-0.73	23.6	37.7

1. As of 6/30/92, Morgan Stanley Capital International, New York 2. As of 12/31/91, *The G.T. Guide to World Equity Markets*
3. As of 8/31/92, Bloomberg L.P., New York 4. As of 6/30/92, MSCI 5. MSCI

PAULINE FREUND

Europe

Continued from page 17

British stocks, but that is expected to be eliminated with the implementation of TAURUS.

Screen-based trading

The move to screen-based trading also has made trading faster and more efficient in many markets. In 1986, the Paris Bourse abandoned an open-outcry system, where prices were set twice daily, and replaced it with a computerized order-driven system known as CAC. Modeled after the Toronto Stock Exchange's CATS system, orders are entered into the system and ranked by price limit, and within each limit by time of arrival.

During the pre-opening phase, investors enter orders, but transactions do not occur until the market opens at 10. The central computer calculates the opening price at which the largest number of bids and asks can be matched. Trading operates on a continuous basis until 5 p.m.

Meanwhile, post-trade data are delivered on a real-time basis, giving investors a clear picture of the most recent trades.

"The order-driven system has worked extremely well," said Graham Dick, a market maker at Cholet-Dupont, a brokerage subsidiary of Credit Lyonnais, Paris. "Spreads are tighter" and "liquidity has improved significantly," he said.

Further changes are in the works. An updated CAC will be easier to maintain and operate and will facilitate communications between brokers and the system, said Patrick Lacombe, a consultant at Andersen Consulting, a unit of Arthur Andersen & Co. S.C., Paris, which has overseen the technology move.

The German approach

Germany, with Europe's second-largest amount of stock capitalization, has taken a different approach to overhauling its market structure.

Germany has eight separate regional stock exchanges, which are dominated by the country's huge banks. Most trading in Frankfurt, which accounts for more than 70% of all German stock trades, still is done on the floor, only between 10:30 a.m. and 1:30 p.m., with prices set once a day at noon for small trades.

The introduction of the computer-driven IBIS system by the Frankfurt exchange in April 1991 is changing that. IBIS provides continuous trading between 8:30 a.m. and 5 p.m. for stocks and bonds of the 30 blue-chip German companies in the DAX index. Geared toward institutional investors, the system relies on voluntary market-making, provides a high degree of transparency to investors and avoids paying the fee to specialists on the floor.

The system has brought back trades from London and from off-exchange transactions, said Mr. von Rosen of the Frankfurt exchange. What's more, the other regional exchanges have become heavy users of the system, with 30% to 50% of their volume on average being transacted on IBIS. The Hanover exchange directs as much as 60% to 70% of its volume to IBIS.

IBIS has its critics. The system "is relatively simple and clumsy," said Ruedi Suter, formerly head of equities for United Bank of Switzerland in Frankfurt. For example, using IBIS, a broker can only take one side of a trade at one price, and the system can't handle basket trades, he said.

Yet growth might be in the works. IBIS can be expanded to handle 120 stocks. Separately, an outside consultant has recommended the stock market go completely electronic by the mid-1990s, but that is proving to be controversial. "If you had a perfect electronic market, then you wouldn't need specialists. But there's no such thing as a perfect electronic market," said Gordon Anderson, a Scot who is in charge of global trading for Commerzbank AG, Frankfurt.

Meanwhile, Germany still has several other crucial steps to take. This fall, a long-awaited order-routing system, similar to the New York Stock Exchange's DOT system, will start up in Frankfurt. Also, a move to create a holding company for all eight stock exchanges is being considered. And given trading scandals unveiled recently, investment experts agree on the need for a securities regulator.

But the biggest challenge to German stock markets might be to serve as "the gateway to the East," Mr. von Rosen said, noting the development of stock markets in Poland, parts of former Czechoslovakia and Hungary. "The natural partner for these markets will be Germany."

The Dutch market

Adjusting to the future will not be easy for Europe's smaller markets. The world's oldest stock exchange, the Amsterdam Stock Exchange, is struggling to recapture business lost to London and off-exchange.

About 35% to 50% of trades in the biggest Dutch stocks are going to London, said Andre Willemsen, assistant general manager for CLN Oyens & van Eeghen, an Amsterdam brokerage house

See **Europe** *on page 20*

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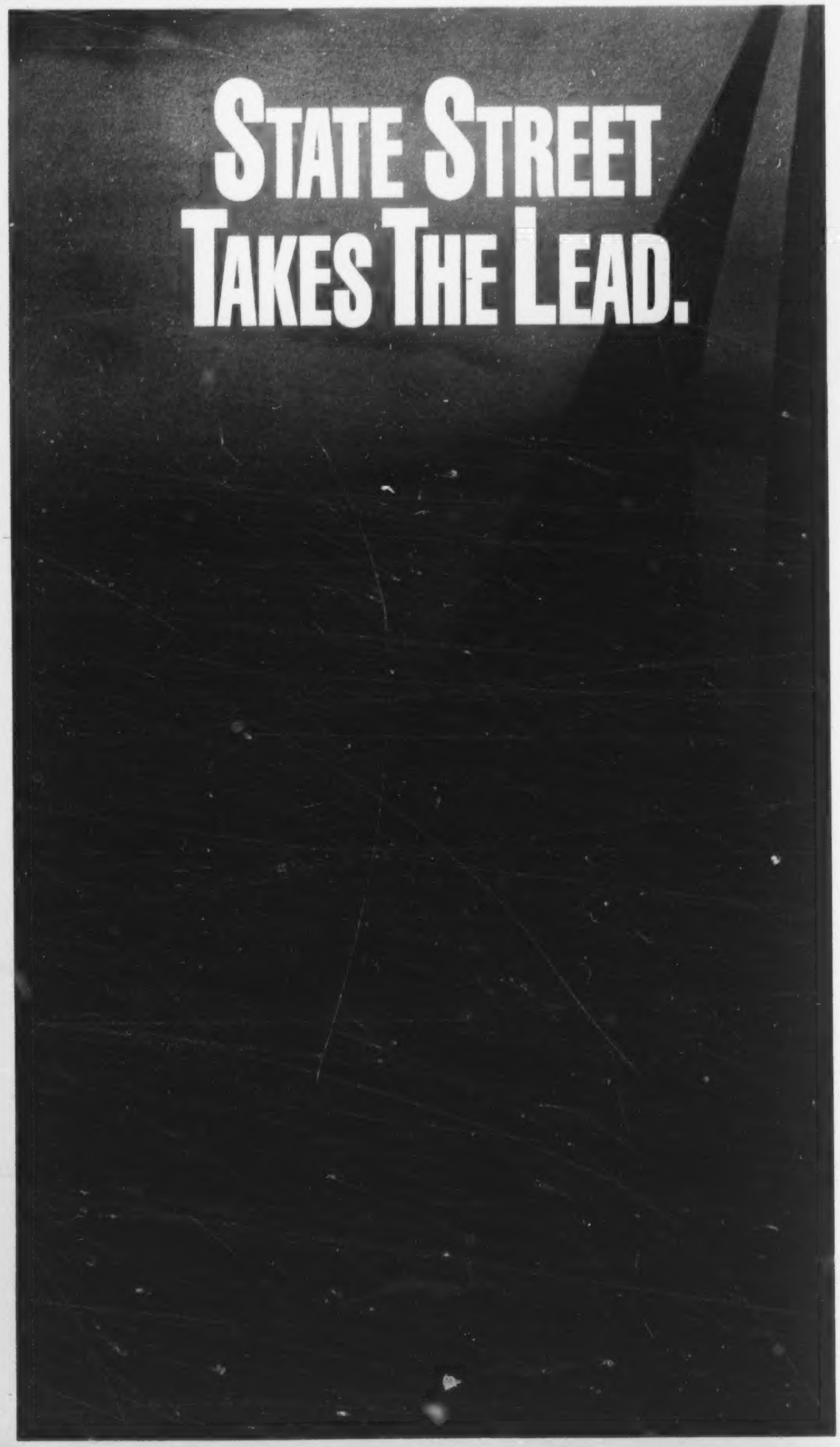

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Europe

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owned by Credit Lyonnais.

Dutch banks and brokers are not able to take big positions, so institutional business went to London, explained Joop de Waij, managing director, Bank van Haften Labouchere NV, Amsterdam.

To win back those trades, the exchange is experimenting with allowing banks to bypass specialists on the floor for pre-matched trades.

But that generated a new problem: If the specialist didn't get paid, neither did the Amsterdam Stock Exchange, which, like its European counterparts, is installing expensive new technology. So the exchange altered the basis for charging market makers to a quarterly assessment based on market share instead of trades going through the floor. In response, five major foreign securities firms are complaining they are being subsidizing specialists when the firms are trying to return business to the exchange.

"All of us are struggling. We have a rather heavy overhead," said B.F. Baron van Ittersum, chairman of the Amsterdam Stock Exchange and the European Federation of Stock Exchanges.

Meanwhile, the Amsterdam exchange will ask Dutch institutional investors what their needs are. "If our institutions say they want a quote-driven system, like London, we will copy it," Baron van Ittersum said. The Amsterdam market should be able to provide the same service cheaper because it employs bearer shares, not registered shares as in the United Kingdom, he added.

London's dealer market

London's dominance stems in large part from the ability of its dealers to take the other side of trades and provide immediacy to investors. Under its system, eight or 10 dealers may agree to support a stock, and thus provide bid-ask spreads on SEAQ or SEAQ International. Thus, they must buy stocks at the bid or sell at the ask up to the size listed on the screen.

This quote-driven system sets London apart from the other exchanges. Some argue the British system is more expensive than order-driven markets because the dealer always is taking his cut. Data also reveal spreads are much wider in SEAQ International than in home markets.

When consultants and academics look below the surface, they find the difference is much less than it appears. For one thing, large investors typically trade within the spread in London; on order-driven markets, the spread represents the difference between the best available buys and sells.

A large trade is much more difficult to handle on the Continent.

"At first sight, SEAQ International doesn't appear to be attractive. But it has a depth that local markets don't have," said BARRA International's Mr. Becker.

A draft paper by Ailsa Roell, a London School of Economics professor, found spreads are much tighter on the Paris exchange than those available for the same French stocks traded in London. But the spread widens dramatically for larger deals, and there might not be another side to a trade beyond a certain size.

Transparency debate

London's dealer system does comes with a price: There is minimal "transparency" to investors after a trade is made. That is, unlike Paris, for example, where data on trades are made public immediately after transactions, in London information on large trades in British stocks is released after 90 minutes. For non-U.K. stocks, price and volume data are published the following day on an aggregate basis.

If trades were published as soon as they were made, dealers would widen spreads because they would fear competitors would move the price away from them, making it tougher to unwind their positions, London supporters argue. Wider spreads and less willingness to commit their own capital would drive up costs for investors, they say. "If you insist on immediate disclosure, you actually destroy liquidity in the system," Mr. Hayter said.

If market-makers' positions are threatened by immediate transparency, they simply will shift off-ex-

See **Europe** *on page 22*

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Europe

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change, warned Sir Andrew Hugh Smith, chairman of the London Stock Exchange. Trying to keep business from going off-market is "rather like trying to close your hand on water," he said.

Supporters of the London exchange say the British system provides maximum pre-trade disclosure, as opposed to the post-trade disclosure provided elsewhere. "When you have a competing market-maker system where they are putting prices up on the screen, it is telling you something about what the next price is," said Andrew Threadgold, chief executive of PosTel, which manages the 20 billion pound ($40 billion) pension assets for British Telecom and the British Post Office.

British officials also say market makers have lost money in London since Big Bang, until showing a modest return in 1991. The only reason for providing market-making services is to obtain access to the order flow, which is critical for proprietary trading, dealers maintain.

But some are suspect of their accounting. British Airways' Mr. Moon said British securities firms' overhead still is laden with too many analysts — who now are being enlisted to support the corporate finance side of their houses, and are less available to clients. "And we're being forced to pay for that," he protested.

EC directive

The question of transparency became a key stumbling block to issuance of the European Community's investment services directive, a set of minimum standards that will enable European money managers to conduct business in all EC countries. The directive was announced in late June after years of haggling.

The result was a political compromise that one European stock market official decried as "lunatic": Every two hours, exchanges will have to unveil for each stock the weighted average price, highs and lows and volume for each stock during a preceding six-hour period, subject to a two-hour delay. Also, every 20 minutes, subject to a one-hour delay, they have to release the weighted average price with highs and lows but without volume figures.

Under pressure from London, the directive also provides an ambiguously worded exception permitting delays or suspension of public disclosure in very large trades or for thinly traded stocks or when exceptional market conditions apply.

The result: London's hegemony is unthreatened by the directive. Yet it poses the direct problem of a "race to the bottom" if other European stock exchanges ease up disclosure standards.

U.S. officials argue transparency has not harmed U.S. markets, such as the dealer-driven NASDAQ, while providing greater protection to investors, increasing market integrity, curbing abuses such as front-running and thus enhancing liquidity.

"The chimerical distinction between dealer and auction market is a convenient rationalization for subsidizing market makers," said Brandon Becker, deputy director of the U.S. Securities and Exchange Commission's division of market regulation, Washington.

See **Europe** *on page 23*

JOEL CHERNOFF

Rudinger von Rosen expects risk from slow clearance to be reduced during the 1990s.

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Europe

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Nevertheless, even the strongest backers of transparency have found too much disclosure can be harmful. As of May 1, the Paris Bourse's CAC system stopped identifying brokers on trades, as it made it difficult for them to unwind their positions.

A much more sweeping set of proposals that would ease transparency rules for block trades in Paris is being scrutinized by French regulators. One proposed change would alter current rules that effectively cause market makers buying blocks to disclose their positions: now they are forced to first buy out all existing limit orders seeking prices higher than the one negotiated on the block trade. When the limit orders are taken out, and disappear from the screen, competitors know a big block has been bought and at what price.

Even if the proposals are approved, French securities firms will have to adopt more of a risk-taking culture, Paris brokers said.

Future of European markets

As markets are shifting more toward dealer markets for block trading and toward auction markets for smaller-cap stocks, hybrid markets are emerging. "In a very rapid way, we are seeing convergence," said Baron van Ittersum.

The growth and concentration of institutional trading led the London Stock Exchange to propose in early 1991 the creation of an "interprofessional market." There, institutional investors would trade stocks of the largest European companies, while retail investors would go to local markets.

"I think the European marketplace would be greatly improved if we could have all the major securities houses trading through the same market in the major European countries," said the LSE's Sir Andrew.

But this proposal landed with a thud, as Continental exchanges perceived London trying to lay a permanent claim to cross-border trading. Meanwhile, London and Frankfurt blocked a separate EC project, known as Euroquote, which would have linked EC exchanges, providing company news and share price information.

The dynamics might be shifting. "There are signs now that the London Stock Exchange is prepared to talk to other major exchanges in Europe," particularly Paris, Madrid and Amsterdam, about developing a more coordinated approach, Baron van Ittersum said.

"We all fully recognize the need for the European markets to harmonize their network for professionals. But whatever comes about, it should be a joint approach. It can never be one exchange dictating to the others how to do it," he said.

Paris' Mr. Theodore agrees on the need for greater cooperation, saying the main threat comes from off-exchange trading. But he had not heard any details from London. "I have heard the favorable tune, but I haven't heard the music," he said.

"In time, there will be one, pan-European equity market," said PosTel's Mr. Threadgold. ■

Pensions & Investments will take a look at some of corporate America's highest and lowest paid chief executive officers in the Sept. 28 issue.

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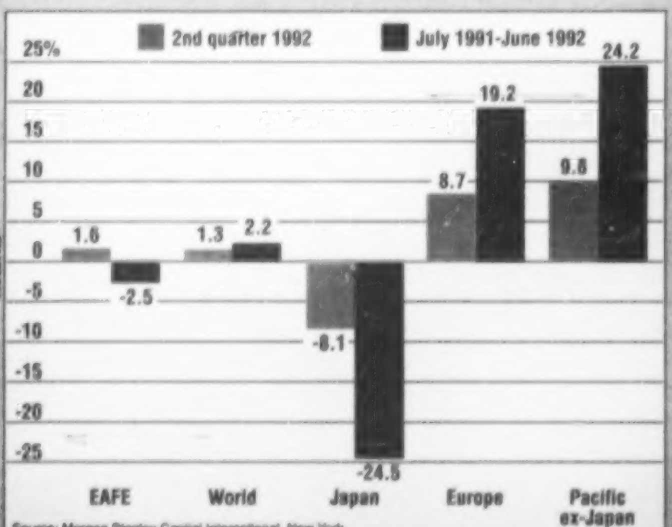
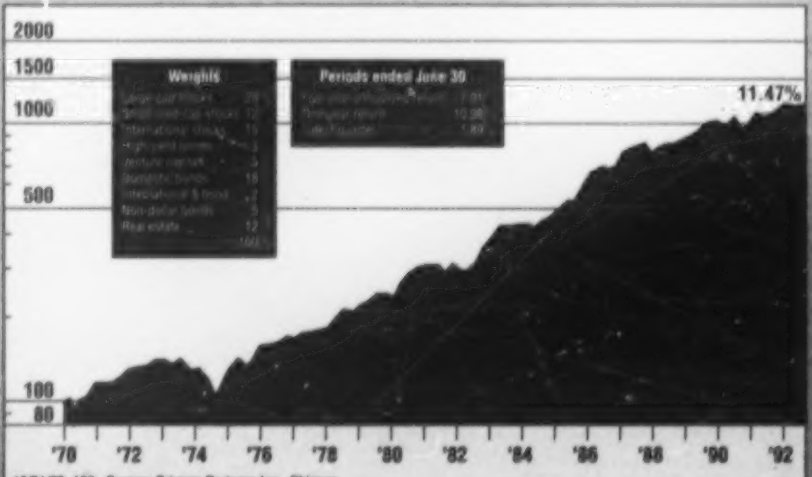


Source: Morgan Stanley Capital International, New York.

Multiple Markets Index

The Multiple Markets Index is a benchmark for total portfolio returns. It is composed of nine asset classes used by retirement plan executives; it is calibrated to reflect the same degree of risk of the typical pension portfolio; it uses passive fixed policy weights; and it represents the individual asset classes by the broadest and most complete market return data available.



12/31/69=100 Source: Brinson Partners Inc., Chicago

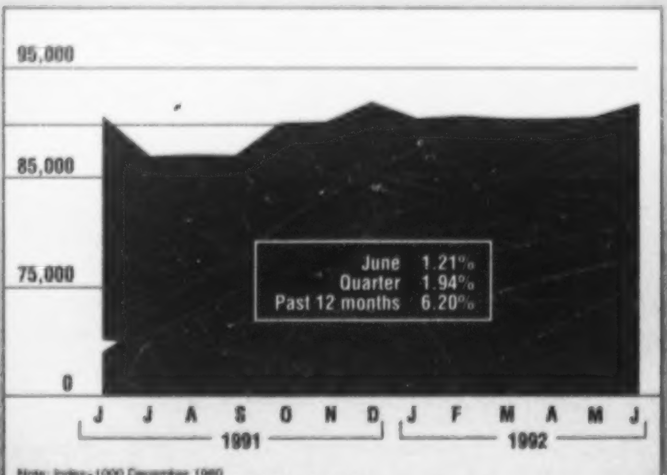
Russell indexes by economic sector

Second quarter 1992 returns

	Russell 3000	Russell 2000	Russell 1000
[illegible]	[illegible]	[illegible]	[illegible]
Consumer discretionary	-3.4	-12.8	-2.6
[illegible]	[illegible]	[illegible]	[illegible]
Financial services	5.9	5.5	6.0
[illegible]	[illegible]	[illegible]	[illegible]
Integrated oils	10.3	3.3	10.3
[illegible]	[illegible]	[illegible]	[illegible]
Other energy	5.2	3.5	6.3
[illegible]	[illegible]	[illegible]	[illegible]
Technology	-1.8	11.1	-0.9
[illegible]	[illegible]	[illegible]	[illegible]
TOTAL	0.9	-6.8	1.4

MLM Index

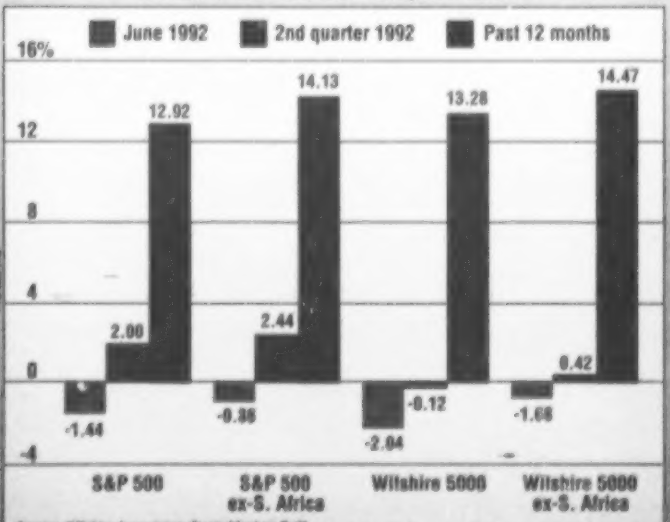
The MLM Index is an unleveraged index used as a benchmark to evaluate commodity futures investments. Periods ended June 30.



Note: Index=1000 December 1980
Source: Mount Lucas Management Corp., Princeton, N.J.

South Africa Free Index

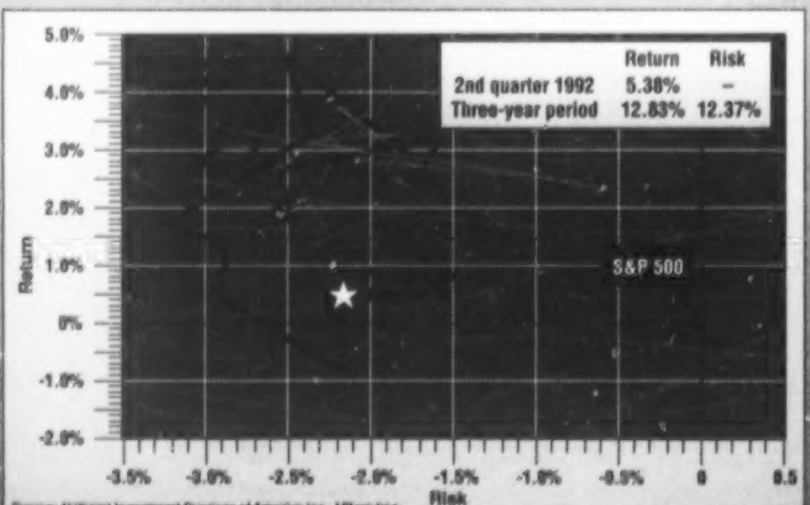
Ex-S. Africa excludes stock of companies with an equity stake in a South African business, no replacements.



Source: Wilshire Associates, Santa Monica, Calif.

An Efficient Index

The Efficient Index is an S&P 500 portfolio optimized for the lowest volatility during the previous two-year period, subject to four constraints. The line represents the return and risk figures for the optimized index relative to the S&P 500 during rolling three-year periods.



	Return	Risk
2nd quarter 1992	5.38%	–
Three-year period	12.83%	12.37%

Source: National Investment Services of America Inc., Milwaukee

GRAPHICS BY KIMBERLY MART

Rebound only temporary

Guaranteed contract rates head downward in quarter

By Fred Williams

After a brief rebound in the first quarter, rates on guaranteed contracts resumed a months-long downward trend during the second quarter.

GIC rates declined 30 to 81 basis points depending on the contract term and amount, said Peter Bowles, president of Fiduciary Capital Management Inc., Woodbury, Conn.

At the end of June, rates on three-year contracts averaged 5.89% and five-year rates averaged 7.03%, compared with 6.66% and 7.64% at the end of March, said Mr. Bowles.

The drop in GIC rates reflected further actions by the Federal Reserve Board to push medium- and longer-term interest rates down, said John Knight, president of Lamberson Knight Inc., Short Hills, N.J.

Mr. Knight said some buyers slowed GIC purchases during the quarter "to see if there was going to be another blip in rates."

He said there was increased interest in floating-rate products to avoid locking in lower long-term rates. But, he said, "even with floating-rate products, rates are so low it can hurt the overall yield in the (401k) plan."

The following insurance company rate quotes on bellwether five-year, single-deposit, simple-interest, $1 million GICs were provided by Lamberson Knight Inc., Short Hills, N.J. The first figure is for June 30, 1992; the second is for March 31, 1992.

- Allstate Life Insurance Cos., Northbrook, Ill.: 6.88%; 7.53%.
- CNA Insurance Co., Chicago: 6.64%; 7.29%.
- Confederation Life Insurance Co., Atlanta: 6.99%; 7.72%.
- Hartford Life Insurance Co., Hartford, Conn.: 6.55%; 7.3%.
- John Hancock Mutual Life Insurance Co., Boston: 6.68%; 7.32%.
- Nationwide Life Insurance Co., Columbus, Ohio: 6.64%; 7.31%.
- New York Life Insurance Co., New York: 6.9%; 7.55%.
- Ohio National Life Insurance Co., Cincinnati: 6.87%; 7.73%.
- Penn Mutual Life Insurance Co., Philadelphia: 6.8%; 7.7%.
- SAFECO Corp., Seattle: 6.8%; 7.48%.
- State Mutual of America, Worchester, Mass.: 6.94%; 7.59%.

William M. Mercer Asset Planning Inc., Deerfield, Ill., surveys insurance companies for rate quotations and provided the following summary of various bullet GICs for June 1992:

- Three-year, $1 million, compound: high, 6.8%; low, 4.88%; average, 6.04%.
- Three-year, $1 million, simple: high, 6.65%; low, 4.9%; average, 5.95%.
- Five-year, $1 million, compound: high, 7.62%; low, 6.06%; average, 7.14%.
- Five-year, $1 million, simple: high, 7.55%; low, 5.95%; average, 7%.
- Seven-year, $1 million, compound: high, 8.11%; low, 6.54%; average, 7.55%.
- Seven-year, $1 million, simple: high, 7.85%; low, 6.44%; average, 7.36%.
- Three-year, $5 million, compound: high, 6.8%; low, 5.18%; average, 6.12%.
- Three-year, $5 million, simple: high, 6.65%; low, 5.2%; average, 6.03%.
- Five-year, $5 million, compound: high, 7.72%; low, 6.35%; average, 7.23%.
- Five-year, $5 million, simple: high, 7.55%; low, 6.26%; average, 7.06%.
- Seven-year, $5 million, compound: high, 8.17%; low, 6.85%; average, 7.66%.
- Seven-year, $5 million, simple: high, 6.92%; low, 6.75%; average, 7.45%.

Mercer also surveys banks for quotes on their guaranteed instruments. Rates on one- and three-year bullet BICs for June were:

- One-year, $1 million, compound: high, 4.54%; low, 3.86%; average, 4.21%.
- One-year, $1 million, simple: high 4.7%; low, 3.97%; average, 4.29%.
- Three-year, $1 million, compound: high, 6.07%; low, 5.27%; average, 5.77%.
- Three-year, $1 million, simple: high, 6.21%; low, 5.35%; average, 5.86%.
- One-year, $5 million, compound: high, 4.59%; low, 3.96%; average, 4.28%.
- One-year, $5 million, simple: high, 4.75%; low, 4.04%; average, 4.35%.
- Three-year, $5 million, compound: high, 6.15%; low, 5.37%; average, 5.84%.
- Three-year, $5 million, simple: high, 6.25%; low, 5.45%; average, 5.91%.

Schmidt Management Co., a GIC market research and consulting firm in Tulsa, Okla., has developed a guaranteed product performance measurement index. The Schmidt GIC Composite Index approximates the return of a continuous weighted investment in one- to 10-year original maturity GICs. The index shows returns, not rates.

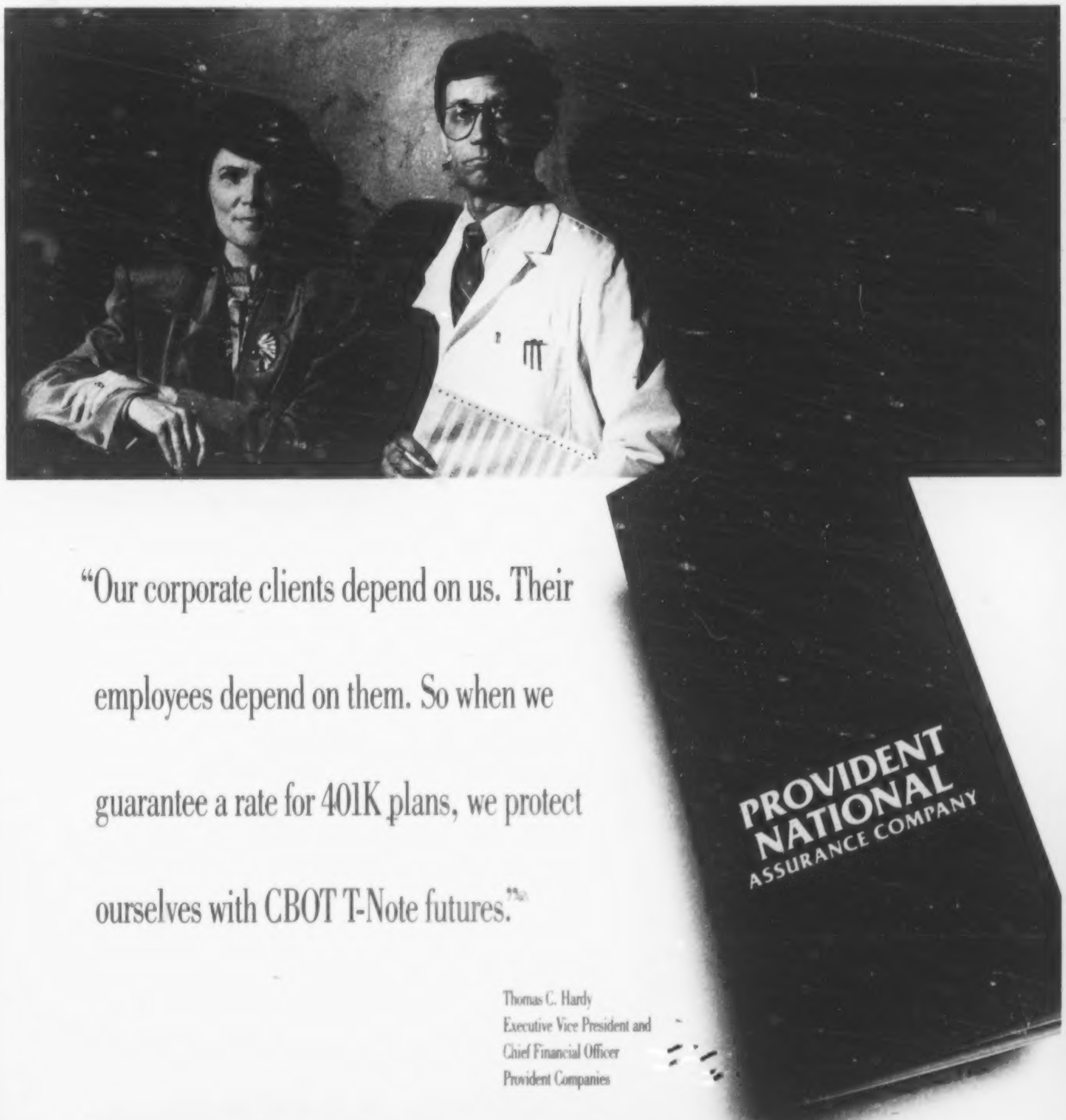
For the second quarter of 1992, the Schmidt GIC Composite Index had a total return of 2.02% compared with 0.92% on 90-day Treasury bills, −0.08% for the Standard & Poor's 500 Stock Index and 4.04% for the Merrill Lynch Government/Corporate Bond Index. ■

TIAA-CREF hires property manager

NEW YORK — The Teachers Insurance and Annuity Association — College Retirement Equities Fund hired Cushman & Wakefield Inc. as property manager of 17 State St., a 525,900-square-foot office tower in New York.

The $105 billion fund bought the building in 1990 from the William Kaufman Organization.

Cushman & Wakefield replaced a Kaufman subsidiary — Sage Realty Corp. — as property manager. ■



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Chicago Board of Trade

Maastricht pulls on dollar

French vote to determine future for U.S., European currencies

By Anne Schwimmer

The end of the dollar's decline and the deutsche mark's rally is coming, but economists say the big question is whether this trend goes out with a bang or whimper.

The currency, stock and bond markets in Europe and the United States are holding their breath until Sept. 20, when France votes on the Maastricht treaty, which creates a unified economic European community.

If the French say "no" to Maastricht, many expect a bang in the currency markets, with its shock waves roiling the international capital markets.

A "no" vote would prompt a strong rally in marks, and a drop in value of the British pound, the French franc, the Spanish peseta, the Italian lira and the U.S. dollar, economists predicted.

This, they said, would force monetary authorities to realign the European Monetary System, devaluing pounds, francs, pesetas and lira against marks. (The dollar is not in the EMS, so it would not be a part of any structured devaluation, and would only depreciate in the open market.)

"If Maastricht goes down, then there's going to be a realignment in the European Monetary System. Everybody knows it's a done deed if the French vote down the Maastricht," said Richard B. Hoey, chief economist at The Dreyfus Corp., New York.

Even measures such as the recent $14.5 billion (10 billion European currency units), mark-denominated loan taken by the British government would weigh little against the market forces that would come into play, according to Mr. Hoey.

Indeed, some in Europe believe a realignment is justified. "Some (monetary authorities) are hoping the French vote 'no' and the thing will be brought to a head," forcing a devaluing of the pound, the lira and the peseta against the mark, noted Robert G. Dederick, executive vice president and chief economist at The Northern Trust Co., Chicago.

According to Mr. Hoey, some in Europe believe it was "a mistake not to realign the currency when the (Berlin) Wall came down."

A realignment would spell additional weakness for the already struggling non-German European stock markets, especially in the United Kingdom, Spain and Italy.

Because of the high interest rates being forced on the rest of Europe by the high German rates, "we have been going through a bad market all over Europe," said Rudi Leuthold, managing director and head of the equity investment strategy group at J.P. Morgan Investment Management Inc., London.

Mr. Leuthold said he doubts the French will vote against the Maastricht treaty, but if they do, "we would expect the initial reaction to be negative, particularly in the stock markets of Italy, Spain and the United Kingdom and also to some extent France."

According to Mr. Leuthold, in the event of another sharp rise in the mark, the French stock market will withstand the impact best of the European markets.

"We are relatively favorably disposed toward France . . . Economic conversion has been basically accomplished. (The French government has been) bringing down inflation and controlling the fiscal deficit," he said.

Here in the United States, a further drop in the dollar also could increase the likelihood of a pullback in the stock market, which already had a strong run last year.

But economists don't expect a crash like 1987s, and they predict a low dollar will stimulate exports and corporate earnings over the longer term.

"The longer the dollar stays where it is, the more it'll impact goods movement," said Richard A. Stuckey, chief economist at E.I. du Pont de Nemours & Co., Wilmington, Del.

"The stock market is vulnerable to the dollar trading down, pushing up fears of inflation, pushing up long-term bond yields," said Mr. Hoey.

But, he added, "it's not really at all like it was before the crash, because before the crash we had many years of economic expansion, a rising inflation rate, an aggressively tightening Federal Reserve and long-term interest rates that had risen over 300 basis points by the morning of the crash."

The second scenario, a French "yes" vote, would mean the world's monetary authorities likely would continue as they have been, hoping the currency imbalance will turn around soon, with little or no intervention on their part, and minimal market upset.

The central banks are tensely waiting for the U.S. and British economies to pick up and the German economy to slow down, resulting in higher interest rates here and in the United Kingdom and lower ones in Germany. Indeed, Germany's gross national product declined by 0.5% in the second quarter. A continued slowdown will spell lower German interest rates and less demand for marks and more for dollars and pounds.

While this has to happen eventually, "the central banks are hoping that the German economy slows down quickly and the U.S. economy strengthens quickly. They hope they luck out," said Dreyfus' Mr. Hoey. "Stranger things have happened."

Nonetheless, economists agree the dollar — having hit record lows against the mark, the pound and the yen — is near bottom.

But, while monetary authorities hope the trend will reverse in a calm manner if the French approve the European monetary union, some argued the world currency markets still might have a stinging surprise or two left.

"The worst case is the reverse of the pattern in 1985, where the deutsche mark collapsed on the downside against the dollar," explained Mr. Hoey. "Sometimes late in these kinds of currency moves you can have a real extreme" drop on the downside before a recovery, he said.

"It's a late bear market phenomenon, and nobody knows how extreme it gets at the end of the move," Mr. Hoey said. ■

AP/WIDE WORLD PHOTOS

The AFL-CIO wants to play an aggressive role in rebuilding the parts of South Florida severely damaged by Hurricane Andrew.

AFL-CIO

Continued from page 1

struction Trades Council, and plan additional meetings with developers in the coming weeks.

The $620 million Housing Investment Trust, begun in 1964, is a registered investment company that provides construction and permanent loans and invests in residential mortgages. Its investors mainly are union pension and other employee benefit funds.

The $200 million Building Investment Trust, formed in 1988, is a group trust that invests Taft-Hartley pension and other assets in commercial and industrial properties. The Building Trust takes equity positions and does construction and mortgage loans.

While the union funds are eager to a play a role, the state pension systems of Florida and Louisiana aren't stepping up.

"We are not actively seeking to find a way to put dollars in," said Ash Williams, executive director of the $26 billion Florida State Board of Administration. Mr. Williams said the system's proper role is to look at ways to enhance the market's private mortgage capacity, which it does through investments in mortgage-backed securities.

"We're pretty serious on our fiduciary responsibilities," said Mr. Williams. "Natural disasters or any kind of crisis are societal problems; to that extent, there are societal costs. They should not be focused on pension beneficiaries just because there happens to be an accumulation of benefits in the pension plans."

But AFL-CIO officials see a two-fold strategy in their investments — employing union workers and building America — and say the investments have proved over the years to be prudent.

"Our first and foremost responsibility is to the investors," Mr. Arnold said. "We're making no concessions on any of our financing."

In Louisiana, a spokeswoman for the $2.7 billion Louisiana State Employees' Retirement System said she knew of no role the pension fund planned to play.

Meanwhile, real estate money managers in South Florida are coming to grips with the consequences of Hurricane Andrew. Officials of Heitman Advisory Corp., Chicago, hope to reopen The Falls, a 460,000-square-foot shopping center in South Miami, by Oct. 1. Barry Schlesinger, chairman of Heitman Properties Ltd., said damage to the mall could run to $8 million, but the mall is insured. ■

Buy-out

Continued from page 3

William F. Quinn, president of AMR Investment Services Inc., which oversees the $2.5 billion American Airlines defined benefit plan.

Any further control of the actual deal-making process might endanger investors' limited partner legal status, he noted.

- Governance issues. Limited partners are asking for, and getting, the right to make certain fundamental changes in the partnerships without requiring the approval of the general partners. Before almost any change in the partnership agreement could not be made without the blessing of the general partners. Now, AT&T's Mr. Steenberg said, a supermajority of the limited partners — which jointly controls anywhere from 60% to 80% of the partnership — can overrule a veto by the general partners in certain key decisions, such as terminating the partnership.

"When you have a supply and demand aberration as there appears to be now, it improves deal terms," said Mr. Le Bon.

"Essentially there's a two-tier market. There are partnerships that can easily raise capital and they're finding themselves oversubscribed, but on the other hand, you have the vast majority of the market having to scramble to get capital commitments," Mr. LeBon added.

"Folks are looking for quality groups," AT&T's Mr. Steenberg agreed.

One top-tier firm, Hellman & Friedman, San Francisco, has been raising money for over a year using multiple closings. Hellman & Friedman has been quietly adding to the $216 million raised by its first closing and is approaching the $900 million mark, according to Warren Hellman, general partner.

Partnerships now in the market or expected soon include: Kelso & Co., New York, which is seeking $1 billion in commitments; Hicks Muse & Co., Dallas, seeking $500 million; and Leonard Green & Partners, Los Angeles, which is seeking an undisclosed amount.

Adding to the confusion is the disintegration of pure leveraged buy-out investing into a variety of different value-oriented acquisition techniques. Hellman & Friedman, for example, does not expect to do many LBOs with its new fund.

"You don't have to raise debt if the debt is already there," noted Mr. Hellman, who sees better value in already leveraged and cash-strapped targets.

Also in competition for pension dollars are other similar equity investing partnerships. Among those are: J.P. Morgan & Co., which has raised $750 million toward a goal of $1 billion for its Corsair Partnership to take minority stakes in banks; Brown Brothers Harriman & Co., looking to raise a $250 million to $500 million fund that will take minority equity stakes in publicly traded companies; and Dillon Read & Co., which, in conjunction with J.P. Morgan, is hoping to raise $1 billion for its Allied Investment Partners L.P., which will buy friendly stakes in poor-performing companies and provide top managers as directors. ■

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AT DEADLINE

Massachusetts sues insurer

The Massachusetts attorney general filed suit Sept. 18 against Nationwide Life Insurance alleging the insurer breached its contract with the state by not complying with stipulations covering the fixed annuity option of the state's deferred compensation program.

The action comes after months of wrangling over the structure and management of the option, which contains about $677 million of the plan's total assets of $712 million.

Florida board hires Wells

The Florida State Board of Administration hired Wells Fargo Nikko to manage a passive international equity portfolio, said Ash Williams, executive director.

The account will be funded through cash flow and is limited to 5% of the $30 billion fund. There will be no currency hedging. SEI Capital Resources assisted.

Missouri refusing to divest

The Missouri State Employees' Retirement System will not move to divest South Africa-related stocks from the $2.2 billion pension fund, despite a Sept. 28 deadline set by the Legislature.

Said M. Steve Yoakum, executive director: "The board feels that to divest . . . would violate its fiduciary responsibility."

Legislators reportedly are considering bringing suit to force divestment.

Provision survives

An attempt to kill a provision exempting Federal Express'

Continued on page 46

INSIDE

LINDA SUE SCOTT

CEO pay explored

Graef Crystal's study of compensation levels for chief executive officers at 300 major corporations found 1991 pay ranged from zero to $63.6 million, with little correlation to company performance. Page 31.

RJR modernizes pension plans

New hybrid benefits all segments of the workforce

By Hillary Durgin

NEW YORK — RJR Nabisco Inc. is shelving its two defined benefit plans and adopting a new hybrid that boasts features of popular defined contribution plans.

RJR joins a growing list of companies acknowledging the need to update dinosaur-like defined benefit plans in response to today's increasingly diverse and mobile workforce. Some companies don't want to abandon these plans in favor of defined contribution plans if they can adapt the defined benefit plan to better meet the needs of employees.

RJR's plan, developed by The Wyatt Co., New York, retains the guaranteed benefit available under traditional defined benefit plans. It also promises employees easy-to-understand lump-sum benefits and portability, features that can make 401(k) and other defined contribution plans attractive to employees. But unlike defined benefit plans, which reward older, longtime workers, and defined contribution plans, which reward younger employees, the RJR plan will reward young, mid-career and longtime employees.

The new plan design makes the pension benefit "more an element of total compensation than just a future promise that you're not going to see for many years," said Gerald Angowitz, vice president, employee benefits at RJR Nabisco. "That reality is very pressing," he said.

"We want to be positioned properly to attract the right type of employees in both companies," Mr. Angowitz said, referring to RJR Nabisco's R.J. Reynolds Tobacco Co. and Nabisco Foods Group. The new plan addresses "the more diverse work force evolving in the 1990s and beyond."

RJR Nabisco's new plan, effective Jan. 1, replaces the tobacco company's $1.5 billion traditional defined benefit plan and Nabisco's $1 billion cash balance plan. The company's $1.2 billion 401(k) plan will not change.

RJR will switch by amending its existing plans. Had it terminated the defined benefit plans, it would have had to pay income and excise tax on any reversion.

The change will not increase RJR's pension expenses beyond administration costs associated with the conversion. The company also does not expect to alter its investment strategy.

The RJR Nabisco plan appears to be the latest variation in flexi-

*See **RJR** on page 42*

Bush pension would be 71% of pay

By Joel Chernoff

WASHINGTON — If President Bush is forced into retirement in January, he'll certainly be a lot better off financially than some of his predecessors.

Mr. Bush will get a presidential pension of $143,800 a year — 71.5% of his presidential pay. He'll also receive federal pension benefits to which he's entitled from his many years of public service, including as vice president, U.S. ambassador to the United Nations, director of the Central Intelligence Agency, a U.S. congressman and from his years in the Navy.

Former presidents Ronald Reagan, Jimmy Carter, Gerald Ford and Richard Nixon also receive the $143,800 annual pension, which is tied to the level of pay given cabinet officers.

Some of the earliest presidents, however, faced financial duress once they retired. Thomas Jefferson, for example, was forced to sell his prized library to Congress, and later applied to the Virginia Legislature to permit him to sell his treasured Monticello estate in a lottery to cover his debts.

James Madison had to sell half his property and often lived on borrowed funds, according to "Beyond the Presidency" a book by Marie Hecht. James Monroe also was forced to sell land and had to press Congress to repay him for expenses incurred on a mission to France.

After losing all his liquid assets in his son's bankrupt banking business, Ulysses S. Grant turned to writing his memoirs, while suffering from throat cancer. A generous contract from Mark Twain kept him solvent.

In 1912, Andrew Carnegie said he would provide annual pensions of $25,000 a year to all future presidents, as well as their widows until they remarried. But President William Howard Taft

*See **Pensions** on page 45*

AP/WIDE WORLD PHOTOS

If George Bush were to retire today, he'd get the same annual presidential pension — $143,800 — that Richard Nixon gets, even though he left office almost 20 years ago.

Managers avoid the currency bloodbath

**By Joel Chernoff
and Anne Schwimmer**

International and foreign exchange managers escaped the turmoil in European currency markets relatively unscathed, switching out of weaker European currencies in advance of the near-collapse of the European Exchange Rate Mechanism.

If anything, some money managers moved too soon, bringing down their returns this summer. "We were too early on our global funds," said Mark Beale, director, WorldInvest Ltd., London.

Meanwhile, opportunistic treasurers at multinational corporations were locking in current exchange rates for the dollar vs. the European currencies once the dollar started picking up, in order to fund their European subsidiaries' cash needs.

The big losers, of course, were the European central banks, who bought tens of billions of British pounds, Italian lira, Spanish pesetas and French francs in often futile efforts to support these currencies.

Money managers claimed victory with their hedging programs, but the truth won't be known until September performance figures roll in. Pension executives generally said they had no knowledge of how their funds fared in the monetary upheaval.

Some investment management professionals argue the currency crisis will lead pension executives to pay greater attention to the need for currency overlay systems. "This is a wake-up call, the same way the October '87 crash was a wake-up call for stock market participants," said James McConnon, chief investment officer, RXR Capital Management, Stamford, Conn., a currency overlay manager. "A lot of people didn't know how much risk they had."

Others hope the turbulence will cause pension officials to view currencies from a policy perspective, instead of as just a risk-reduction and incremental value tool.

The market turmoil "underscores the need to have a well-thought-out currency strategy," said Lawrence Davanzo, managing director of Asset Strategy Consulting, Los Angeles.

But Gunter Ecklebe, director of international consulting at Frank Russell Co., Tacoma, Wash., doesn't expect to see strategic changes because of short-term fluctuations. Only six of Russell's 40 consulting clients now use currency overlay strategies.

ITT Corp.'s pension fund, with

*See **Currency** on page 43*

NEWS DIGEST

AP/WIDE WORLD PHOTOS

The design and funding of pension plans for NFL players could be reshaped, all because a federal court decided the league's restrictive free agency system is improper. Page 47.

SPECIAL REPORT: DEFINED CONTRIBUTION PLANS

As employers wring their hands over a new law taxing early pension distributions, financial institutions are waving a multitude of products at employees. Page 17.

Caterpillar Inc. joins the small list of companies that have created their own mutual funds primarily to serve their defined contribution plan participants. Page 17.

More companies are shifting the cost of defined contribution plans onto employees, but participants are getting more for their money, a survey shows. Page 18.

CEO COMPENSATION

Money's motivational magic is vastly overrated in driving a CEO to improve corporate performance, but fear is underrated as a motivator. Page 31.

FINANCING

Investors are not bananas over Chiquita Brands International's exchange offer to shareholders. Page 3.

INTERNATIONAL

International and foreign exchange managers escape turmoil in European currency markets. Page 1.

In 'routine' governance matters, U.S. shareholders have more say abroad than they do at home. Page 23.

REAL ESTATE

The Alabama Retirement Systems leads a group to take over a major Manhattan office building. Page 2.

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Washington fund-takes hit

Investment returns plummet following writedown

By Steve Hemmerick

The Washington State Investment Board's investment return took a serious dive because of a $470 million writedown the $16.5 billion pension fund took in June.

Daniel Grimm, state treasurer and board trustee, said the losses stem from the nation's bad economy and from poor control of some investments by previous fund executives and board members.

Mr. Grimm said the writedowns — 35% in leveraged real estate and smaller amounts in leveraged buy-out and venture capital investments — caused the fund's total return to drop to 8.2% for the year ended June 30, vs. 20% for the year ended Dec. 31.

That 8.2% return is about 500 basis points below the median return for pension funds of similar size, according to statistics provided by Washington fund officials.

Mr. Grimm said the biggest writedowns in values were for some of the pension fund's highly leveraged domestic real estate properties, formerly part of the U.S. portfolio of Canadian developer Cadillac Fairview Corp. The value of the fund's total real estate investment declined to $750 million from $1.2 billion. Its equity in Cadillac Fairview fell to $88 million from $450 million when purchased in 1987.

He said the board also has taken writedowns in value on investments in Red Lion Motor Inns, part of a buy-out led by Kohlberg, Kravis Roberts & Co., and, separately, a venture capital fund investment in a U.K.-based company.

He put some of the blame for the writedowns on the fact that some of the investments were carried at inflated values for at least two years.

In addition, Mr. Grimm said, former board trustees and administrators paid too much for some of the investments and signed contracts that gave the pension fund inadequate control over them, particularly over investment appraisals.

(John Hitchman, executive director from 1981 to 1988, declined to comment. Mr. Hitchman now is a portfolio manager for Hotchkis and Wiley, Los Angeles, one of Washington's equity managers.

(David Weig, now a consultant but who succeeded Mr. Hitchman as executive director, said: "I certainly refute any mismanagement charges." He acknowledged real estate is being written down in value now, but noted that's true for every pension fund that's taking a realistic look at its property holdings.)

Back in 1987, officials for the Washington board expressed optimism about future investment returns from the non-retail, Cadillac Fairview properties in the United States.

See **Hit** *on page 44*

Alabama moves on Manhattan

Fund leads takeover of O&Y skyscraper

By Barry B. Burr

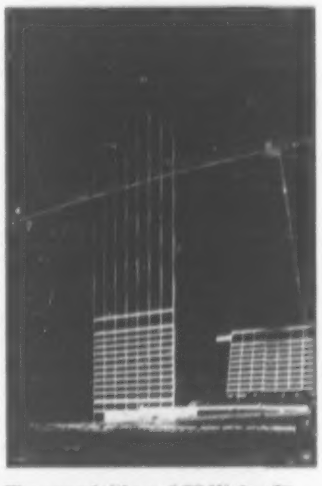
The Alabama Retirement Systems led a group of bondholders that agreed to take over from Olympia & York Development Ltd. the biggest office building in New York City.

The move, Alabama's first exposure to a major real estate market, was made to avert likely default on Olympia & York's mortgage debt next year by the financially beleaguered worldwide property company.

The 53-story building at 55 Water St. — one of the largest in the world with 3.64 million square feet — has a troubled outlook in the near term but promising long-term potential, according to advisers involved in the transaction.

A key reason for the positive outlook lies in the debt-free capital structure of the transaction and the willingness of enough of the would-be new equity owners — the former bondholders — to commit more equity capital. Unlike other workout deals, this one leaves 55 Water St.'s capital structure all equity with no contemplation of adding any mortgage debt, allowing the expected annual cash flow of about $20 million generated by rents to be plowed back into the building for badly needed improvements.

David Bronner, chief executive officer of the $12 billion Alabama fund, said none of the problems is insurmountable. Rather, he viewed the acquisition as "one of those Wall Street no-brainers."



The acquisition of 55 Water St. was a 'no-brainer,' according to Alabama's David Bronner.

"To me it was an opportunity," he said. The Alabama fund was the leader in arranging the terms of the deal.

Mr. Bronner in general believes the real estate market is beginning to improve, or at least that the worst is over. He said the fund is scouting for more real estate deals, although he isn't targeting a specific allocation.

"We're about in as good of a position as we could be, as we have no exposure to this marketplace," Mr. Bronner added. The Alabama fund had less than 1% in real estate before this transaction.

The building has immediate problems that need attention, according to Mr. Bronner and Stephen Glennon, principal, S.N. Phelps & Co., Greenwich, Conn., a boutique investment banking firm specializing in financial restructurings that advised the Alabama fund.

Despite an occupancy rate of 82%, a substantial number of the building's leases are scheduled to expire soon. Citicorp, in fact, has given notice and will leave by November, dropping the occupancy rate to 68%.

In addition, the building needs

See **Alabama** *on page 44*

Merger boosts Mellon's stature

By Terry Williams

PITTSBURGH — Mellon Bank Corp. is poised to join the elite in the master trust and custody business with its $1.45 billion purchase of The Boston Co. from Shearson Lehman Brothers Holdings Inc.

"We have been at the small end of the top tier," said W. Keith Smith, vice chairman of Mellon, describing the bank's master trust and custody operation. "By putting the two together, it will take us to $650 billion under administration.

"That is more than half the size of State Street," he said. "As a result, we will be more competitive."

Included in Mr. Smith's calculations are both banks' private client operations and the mutual fund administration business of Boston Co.'s Boston Safe Deposit & Trust Co. subsidiary.

According to a *Pensions & Investments* 1992 survey of master trust providers, both firms ranked in the top 10 in asset size. Mellon had $183.086 billion in master trust/custody assets administered, and Boston Safe Deposit had $190.725 billion.

The firms also ranked in the top 10 in terms of new business: Mellon took in $31.[illegible]27 billion, while Boston Safe grabbed $5.23 billion in new business.

The intent is to merge the two trust and custody systems, said Mr. Smith, but combining the investment advisory operations is not "a realistic concept," said Mr. Smith.

"We (Mellon) have six investment management subsidiaries," said Mr. Smith. "Each one of

See **Mellon** *on page 45*

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Missouri fund shifts equities to passive

By Christine Philip

JEFFERSON CITY, Mo. — The $2.2 billion Missouri State Employees' Retirement System will terminate all five of its active equity managers Dec. 31 as part of a significant increase in the fund's passive portfolio.

The fund has $1.165 billion, or about 53% of the total portfolio, in equities. About $970 million, or roughly 80%, of the equity portfolio was actively managed. After the realignment, $740 million, or 62%, will be passively managed.

The fund's active equity managers — Alliance Capital Management L.P., CFW Management Co., Delaware Investment Advisers, Shields Asset Management Inc. and The Twentieth Century Cos. — have received notice, but M. Steve Yoakum, executive director, indicated they will be invited to take part in searches to complete the fund's restructuring.

General American Investors Co. Inc., which runs the existing passive equity account, was retained.

Of the equity portfolio, about $930 million, or 80%, will be in large-capitalization stocks: $560 million will be in an S&P 500 index fund; $180 million will be in large-cap value stocks (half active, half passive); and $180 million will be in large-cap growth stocks (half active, half passive).

About $200 million, or 17% of the equities, will be in actively managed small-cap stocks, split between growth and value.

The fund also has $35 million in venture capital, which had been considered part of the equity portfolio but now will be broken out, that will remain unchanged.

Loomis, Sayles & Co. Inc., Boston, which ran $136 million in intermediate-term bonds, also was terminated. A search is under way for an interest rate timer, said Mr. Yoakum.

All bond portfolios are actively managed, but Mr. Yoakum said passive management might be considered at a later date.

The portfolio "was so well diversified that it mirrored the market," said Mr. Yoakum, explaining the changes. "The board was looking to make the core of the portfolio passive equities, in order to at least match market performance through an index with cost savings in fees." ■

ON A 401(k) AS A BENEFIT

Ford: "It used to be the dental plan. Now it's the 401(k) plan."

Meet Gail Reilly of Lancer Insurance Company, R. Ford Hutchinson of Combe, Inc., Leonard Hirsh of Ernst & Young, and Lynda Sacharov of Richards & O'Neil.

What do veteran 401(k) sponsors say about the importance of a 401(k) plan as a key employee benefit? What can you learn from the issues they faced, the problems they solved, and the experiences they shared? Scudder recently held a "401(k) Roundtable" to discover some of the answers.

Do potential employees see a 401(k) plan as a benefit?

Gail: Benefits in general are a major subject these days.

Ford: It used to be the dental plan. Now it's the 401(k) plan. It's very important in the hiring equation.

"And they say... Thank you, company, for providing this."

How so—specifically?

Ford: If you don't have a 401(k) and you're after somebody you really want—and they're looking at other companies that do have a plan—you could lose that person. It might be just the thing that swings them. They say "Do you have a savings plan?" And that's what they mean...a tax-advantaged investment plan.

How important is your 401(k) with current employees?

Gail: It depends on your employee mix—the age factor of your employees . . .

Leonard: If you didn't belong to the plan, you would be putting money into an IRA—and you're limited to $2,000. Here you have a much better opportunity to put in $8,475 and possibly get a company match.

Does that help you hold on to key employees?

Ford: More than once, I've had employees say to me that the reason they're in our 401(k) isn't because the company contributes—and it isn't for the tax advantages. It's because we have provided them—through payroll deductions—a disciplined and convenient way to save. And they say, you know, "thank you". Thank you, company, for providing this.

What can an administrator do to help you reach that happy point?"

Leonard: Look at the kind of benefits statement an administrator would provide you, and how often it's provided. If it's quarterly, how soon after the quarter? How clear is that benefit statement going to be? Can you understand it? Can participants understand it?

Ford: There ought to be ways they can modify and tailor statements to your particular needs.

Lynda: When we had some difficulty understanding our statement, we went to our administrator and said, "What can you do for us?" They made some modifications and it was clearer. It was quite well done.

TO LEARN MORE...

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CORRECTIONS & CLARIFICATIONS

- In the Aug. 17 report of **PIPER Managed Accounts**, the returns for Wilke/Thompson's small-cap growth equity fund was incorrect. The three-month return should have been −4.6% and the one-year return, 20.7%.
- The total taxable and tax-exempt assets of all managers ranked on page 16 of the Aug. 31 **Real Estate Managers Directory** was incorrect. The correct total is $281.105 billion.
- In a Sept. 14 story on **Aetna Life & Casualty Co.** and **Faneuil Securities Inc.**, it was incorrectly reported Aetna officials admitted they had a contract with Faneuil Hall Securities President Carmen Elio that paid him commissions for pension business he brought the insurer. Aetna admitted it failed to tell 19 Massachusetts municipal retirement systems that state Sen. William Q. MacLean's insurance company earned brokerage commissions on investments the systems made with Aetna, on Mr. Elio's recommendation. The insurer also admitted it did not disclose to the retirement systems that Mr. Elio worked as a municipal pension consultant to Mr. MacLean.
- An incorrect figure was reported in **The MLM Index** in the Sept. 14 issue. The 12-month return is 2.16%.

MONEY MANAGERS

Montgomery brings specialists under one umbrella

Mark Geist, president of Montgomery Asset Management, thinks the era of investment boutiques is over.

■ Executives at Montgomery Asset Management, San Francisco, are fashioning their firm into a house of boutiques, where it will be easier for the pension fund executive to shop for specialty money managers.

Mark B. Geist, president, said the firm's approach is the next stage in the evolution of money management, which began with big banks and then moved to individual boutiques. "The day of the small boutique is gone," he said.

Montgomery, which is less than 3 years old, has $750 million under management and three investment boutiques under its roof — small-cap growth, emerging markets and fixed income.

In each case, Montgomery Asset Management executives recruited practitioners in that style to come to work for Montgomery, giving them a small ownership interest in the company and a large stake in their own area.

Mr. Geist said Montgomery might add another international style, such as global or emerging markets fixed income; high value-added mid-cap or larger-cap growth stocks; and quantitatively based equity or fixed income.

— Nancy K. Webman

FINANCING

Global offerings post 75% gain

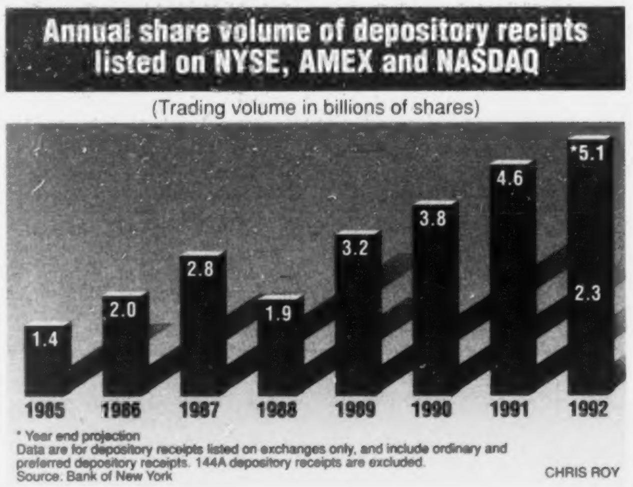
■ A record amount of capital was raised through global offerings of depository receipts in the first half of 1992, representing a 75% increase from 1991's first half record total, according to a report from the Bank of New York.

U.S. exchange-listed trading volume for the first six months equaled 2.3 billion depository receipts valued at $65.5 billion, an increase of 53% from 1991's mid-year high. The bank predicts trading volume for the full year will reach 8 billion depository receipts valued at $160 billion.

Reflecting the market's global diversity, 10 non-U.S. companies completed depository receipt public offerings totaling $2.8 billion and 18 companies privately placed $2.8 billion under Rule 144A. For the first time, companies from India, Taiwan and Brazil established programs to raise capital in the United States. Latin American issuers took advantage of U.S. investor interest, bringing 16 deals to the market.

SEAQ International, the London-based quotation system, continues to play an important role in the trading of depository receipts. About 500 million depository receipts valued at $15 billion traded through SEAQ International.

— Marlene Givant Star



Annual share volume of depository recipts listed on NYSE, AMEX and NASDAQ

(Trading volume in billions of shares)

* Year end projection
Data are for depository receipts listed on exchanges only, and include ordinary and preferred depository receipts. 144A depository receipts are excluded.
Source: Bank of New York

CHRIS ROY

INTERNATIONAL

Magten targets evolving nations' sovereign debt

■ Two funds investing in developing country sovereign debt are being marketed by Magten Asset Management Corp., New York.

The funds, which are expected to total $100 million, are a limited partnership for foundations, endowments and individuals, and a group trust for pension funds. The first closing is expected Oct. 31.

Since early 1991, the firm has invested in the debt of such countries as Peru, Brazil, the Ivory Coast, Nigeria, Poland and, most recently, Algeria.

"We believe the securities available in this area should provide a 15% annual rate of return over the next several years. As the U.S. high-yield market has become pricier, these securities represent more and more compelling value. All of our clients and friends should seriously consider putting major amounts of money into these investments," said a report to clients.

While there is clearly economic risk, all of the investments are dollar-denominated so there's no currency risk. Debt will include Brady bonds and so-called "pre-Brady" bonds of countries expected to adopt a Brady plan. Brady bonds are securities issued in a negotiated restructuring of a developing country's commercial bank debt under a plan devised by U.S. Treasury Secretary Nicholas Brady.

"There's an opportunity for high returns and participation in a socially responsible investment vehicle. You're helping countries restructure their debt," said Barbara Justiz, managing director.

Magten initially will market the funds to its base of existing clients because 11% of their Magten portfolios already are allocated to sovereign debt.

— Marlene Givant Star

REAL ESTATE

Offices, apartments biggest problems

■ Last year, $8.2 billion in apartment loans — 5.6% of all apartment loans — were restructured, according to a study by Coopers & Lybrand, New York.

That percentage is second only to the office sector, where 6% of loans were restructured in 1991, according to the study. Yet, office properties generally are perceived to be in greater financial difficulty than apartment properties. (In a restructured loan, the lender and borrower often work out an agreement to avoid foreclosure.)

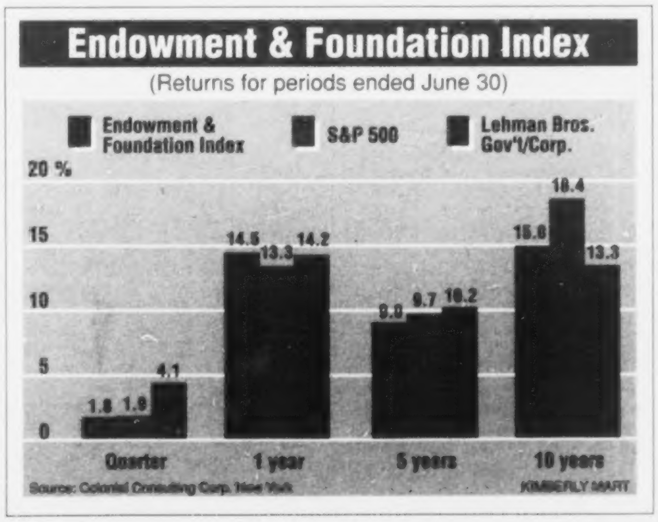
The Coopers & Lybrand study said loan restructurings are expected to continue for the foreseeable future because of the lack of liquidity in the real estate market, the gap between the expectations of buyers and sellers, and the continued pressures on the lending community, which already has a high amount of foreclosed real estate.

In 1991, lenders had $145 billion in apartment loans, $8.2 billion of which were restructured. Another $10.3 billion in loans were delinquent and $5.3 billion were in foreclosure. In 1990, only $2.1 billion in apartment loans were in foreclosure, according to the study.

Of the $415 billion in office loans in 1991, some $25.8 billion were restructured, $29.2 billion were delinquent, and $14.5 billion were in foreclosure. In 1990, $9.6 billion in office loans were in foreclosure.

"This research for the first time puts hard numbers against the widely held industry view that loan restructuring is the most attractive option available to deal with delinquent loans given the economic climate and the state of the real estate market," said Bjorn Hanson, head of Coopers & Lybrand's National Real Estate Group.

— Steve Hemmerick



Endowment & Foundation Index

(Returns for periods ended June 30)

Source: Colonial Consulting Corp. New York

KIMBERLY MART

ECONOMY

Biggs sees boon from Clinton win

■ Supposing Gov. William Clinton wins the presidential election in November, Barton M. Biggs, director-global strategy, research and economics for Morgan Stanley & Co., New York, suggests "confidence in the U.S., its economy, and its smart young president could be soaring" by the middle of next year.

Under the scenario, Mr. Biggs, in Morgan Stanley's Perspectives publication for clients, guesses the U.S. stock market will be up 10% to 20% by mid-1993.

"By midyear there will be talk that the U.S. economy is leading the world out of recession."

In his sanguine scenario, Mr. Biggs presupposes several key actions by a Clinton administration.

"I think (Mr. Clinton) will propose and Congress will enact a big cut in or an elimination of the capital gains tax, or at the very least, the retroactive indexing of capital gains for inflation," Mr. Biggs comments, noting the Democratic platform mentions a capital gains tax cut for "patient" investors. To ensure the benefits go to long-term investors rather than speculators, he believes the measure will require a holding period or three to four years to realize the favorable capital gains tax treatment.

But Mr. Biggs thinks Mr. Clinton will raise tax rates to perhaps 40% on incomes of more than $250,000 and to 50% for those more than $500,000 as a sop to populist critics of corporate executives' "obscene" compensation.

— Barry B. Burr

WASHINGTON

Court removes plan trustees

■ The Department of Labor succeeded in getting a U.S. district court to oust the trustees of the Houston-based Parker Brothers and Co. pension plan.

The court will appoint an independent trustee pending a final decision in the case.

The trustees are charged with losing up to $8 million of the $10 million plan through violations of the 1974 Employee Retirement Income Security Act, including:

- denying more than $3.7 million in lump-sum benefits to more than 200 terminated employees;
- investing $7.1 million in highly speculative and illiquid loans secured by raw land in the Houston area, in violation of ERISA's diversification and prudence rules;
- making loans from the plan that benefited themselves, including financing the sale of undesirable land owned by the concrete pipe and construction firm and a second loan that benefited the employer because the borrowers purchased materials from the company with the loan proceeds;
- transferring $383,000 in plan assets to Parker Brothers to meet the company's financial obligations; and
- failing to value plan assets annually at their fair market value, resulting in excessive benefits payments.

— Joel Chernoff

Rollover law boosts employer woes

By Hillary Durgin

As employers wring their hands over complying with a new law taxing early pension distributions, financial institutions are waving a multitude of products at employees, warning them against letting any assets slip through their fingers.

The law, which goes into effect in January, would levy a 20% tax on all pension distributions that employees receive when they retire or change jobs. The only way to avoid the tax is by rolling over the assets directly into a new qualified plan, such as an individual retirement account, within 60 days.

While the law simplifies and expands old rules by permitting most plan distributions to be rolled over, it entails compliance headaches for employers.

Designed in part to encourage rollovers by the 89% of workers who don't transfer their distributions directly into a new plan, the law could have important implications for employees' retirement savings. In addition, there is a large pool of assets — $48 billion was distributed, but not rolled over, in 1988 alone — the government can tax or financial institutions can manage in IRAs.

"(The law) clearly will increase rollovers and probably quite dramatically," said Dallas L. Salisbury, president, Employee Benefit Research Institute, Washington. "Part of that is what this provision will encourage in the way of changes in the qualified plan business."

Mutual fund providers like Fidelity Investments, The Vanguard Group and The Putnam Cos. are reaching out to 401(k) clients and individuals, offering them painless ways to transfer their money. Bankers Trust Co. also plans to market a rollover IRA vehicle.

Fidelity is talking to clients about offering a group IRA that could eliminate much of the administrative burden associated with the new rollover rules, said Eric P. Lofgren, consultant with The Wyatt Co., New York. A company could offer the group IRA option to all of its outgoing participants, dramatically decreasing the work load associated with arranging for transfers to multiple IRA providers or to new employers, many of whom will not want to accept transfers to their plans. Other service providers are expected to follow Fidelity's lead.

Right now, many plan sponsors are trying to get administrative and communications systems in place by early October to handle the new rules. Yet important technical questions abound. They range from whether companies with voice-response communications systems must send out written notices explaining the law to employees to how the transfers physically should be handled.

In early October, the Treasury Department is expected to issue guidance to employers that would answer questions on administrative issues and notice to employees.

In addition, legislation correcting some problems has been incorporated in the Senate version of a tax bill pending before Congress.

"There's a fair amount of start-up time" required to implement the new rules, said Howard Golden, partner with Kwasha Lipton, Fort Lee, N.J. "Companies are clamoring for guidance."

In the meantime, while employers recognize the merits of the law, they don't relish the added burden. Required administrative changes include modifying computer systems, redesigning communications forms and establishing procedures to complete the transfer of assets between plans.

"I do see it as a burden," said Marietta Booth, manager, defined contribution plans, Land O'Lakes Inc., Arden Hills, Minn. "We try to make things simple when people leave the company. It's not going to be simple anymore."

Ms. Booth would like to send letters to employees explaining the new law by Oct. 1. Beyond changing plan documents and the company's in-house systems, the company's primary effort will be spent explaining the new law to employees. "The cost is going to be time," Ms. Booth said.

Under the law, if employees don't have distributions transferred directly from their current plan to a new one, they risk having to pay the 20% tax.

Whether people transfer their distributions to a new plan depends to a large extent on employers' communications efforts, Kwasha Lipton's Mr. Golden said.

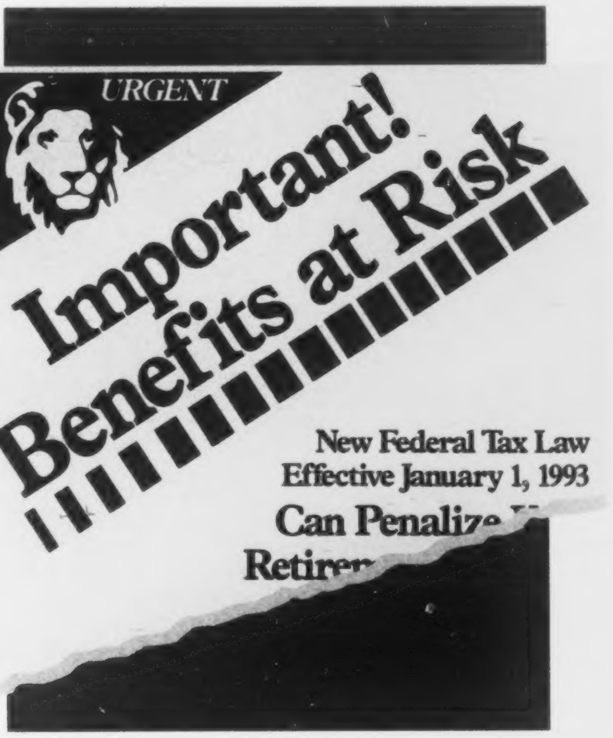
"The people who are going to be hit with the 20% are the people who are the least informed," Mr. Golden said. "It depends on the commitment and the ability of employers to explain these rules."

Some question whether employees truly will be deterred from taking the cash and spending it.

"I'm suspect of the portability enhancement," said Henry Saveth, principal, A. Foster Higgins & Co. Inc., New York. "As a practical matter, people who want the cash will take the cash. I don't think it will result in that many rollovers."

But executives at financial services firms say otherwise. Several are involved in aggressive marketing efforts encouraging individuals to avoid the new with-

See **Law** *on page 19*



URGENT

Important!

Benefits at Risk

New Federal Tax Law

Effective January 1, 1993

Can Penalize

Retire

Caterpillar expands mutual fund business

By Curtis Vosti

PEORIA, Ill. — It was almost three years in the coming, but Caterpillar Inc. has joined the small list of companies that have created their own mutual funds primarily to serve their defined contribution plan participants.

In doing so, Caterpillar enhanced its 401(k) plan so it now has nine options for participants, seven from its Preferred Group of Mutual Funds. The funds have an initial $320 million, about half each from company insurance and 401(K) accounts.

"We pretty much did it to service ourselves," said Michael Pond, president of Caterpillar Investment Management Ltd., the wholly owned investment subsidiary. "This is a big step. It's not the tractor business."

Other companies — including General Electric Co., AMR Corp. Bechtel Power Corp., Owens-Illinois Inc., IBM Corp. and the National Rural Electric Cooperative Association — also have created their own mutual funds, and the success of those can be hinted at through their approximately $11.5 billion in combined assets under management.

There are impediments, however. Bell Atlantic Corp., for instance, found start-up costs became prohibitive and sold its mutual fund accounts to T. Rowe Price Associates a scant two years after they were started.

"We never started it up with the idea that it would be a profit center," said Paul Currie, former director of the mutual funds and now director of investor relations. Mr. Currie said the funds — which were never offered to Bell Atlantic's savings plan participants but depended on the personal assets of the company's retirees and employees — drew $38 million before they were sold. Though the funds had steady growth during the first 18 months, future growth wasn't expected to be sufficient to meet the transfer agent, custodial, legal, audit, system and other overhead costs, he said.

"To get to a break-even point, we would have needed considerably more assets," Mr. Currie said.

Getting sufficient assets under management — what Ronald Boller at Owens-Illinois calls "a critical mass" — was Mr. Boller's primary concern when he began the company's mutual funds in 1986. By that time, Harbor Capital Advisors, the Owens-Illinois investment management subsidiary, was three years old. Mr. Boller thinks the fact the firm was already established before offering the mutual funds was essential to the success of the now seven funds Harbor offers, which have a total of $1.1 billion.

"You've got to find that critical mass somewhere," he said. "With the three years, we had time to study the economics of running an investment management company." The studies apparently paid off: from a modest beginning of just one fund with only a portion of its pension fund as a client, Harbor Capital draws 70% of its assets from outside the company, including both individual and institutional investors.

"We're not going to be a major player, that's not our mission," Mr. Boller said. "But it help us do our job better."

See **Funds** *on page 21*

Mutual fund operations

(As of June 30)

Manager	Number of funds	Total assets ($ millions)
General Electric Investment Co.	8	$6,400
AMR Investment Services Inc.	6	2,390
Harbor Capital Advisors Inc.	7	1,170
IBM Credit Corp.	4	1,010
Caterpillar Investment Management Ltd.	7	320
Fremont Investment Advisors Inc.*	3	161
Rural Electric Advisers Corp.	3	45

* A fourth fund was recently added.
Source: Lipper Analytical Securities Corp. and IBM Credit Corp.

A.TRANCHITA

Jay Mehta says Oki America has stressed communication in its education efforts.

Education paying off for workers

By Hillary Durgin

HACKENSACK, N.J. — Oki America Inc. is giving its employees a valuable lesson in saving for retirement. In fact, the company's paying them to learn.

To teach its employees how tax-deferred savings and compounding can build big account balances, Oki America automatically makes a contribution of 2% of every employee's salary to the company 401(k) plan every year after one year of service. On top of that, the company gives workers 50 cents for every dollar they contribute, up to 6% of their salary.

Oki America's automatic 2% contribution stands out because while many companies match a certain portion of their employees' contributions to their 401(k) plans, most don't make an up-front contribution.

Oki America's $12 million 401(k) plan is the company's only retirement plan.

Employees vest immediately in the 2% up-front contribution the company makes. They vest in the matching contribution after three years.

As a result of Oki America's strategy, employees receive a risk-free start to investing for retirement, and the company guarantees all of its employees participate in the plan, easing its ability to pass pesky non-discrimination tests.

Passing the tests, which ensure plans do not favor the highly paid, is necessary for a plan to maintain its tax-qualified status.

"The key thing I found, from the company's point of view, is it helps us to have the qualification issues resolved, the non-discrimination tests, and it's a very true and tangible benefit from day one," said Jay Mehta, senior director of finance. Oki America is a wholly owned subsidiary of Oki Electric Industry Co. Ltd., a Tokyo-based electronics company that makes computer printers, car telephones and silicon chips.

Generally, the tests ensure plans do not discriminate in favor of highly paid workers in terms of coverage and participation in the plan and contributions made on their behalf.

Because of the tests' complex nature and costs, many employers want Congress to pass new rules that would relieve them of the

See **Lesson** *on page 22*

Changing with the times

Company overhauls 401(k) to meet demands of '90s

By Hillary Durgin

DALLAS — In its heyday in 1982, Lone Star Steel Co., which had a town christened after its signature steel mill, employed 7,400 workers who pumped out more than $1 billion in annual sales.

Today, the company is a shadow of its former self. Desiccation of the oil and gas drilling industry forced Lone Star into bankruptcy in 1989. Now, its work force has shrunk to 1,350 and last year sales totaled $319 million.

As the company has struggled to right itself — it emerged from bankruptcy reorganization in mid-1991 — its employees are seeing a dramatic and welcome change in the $18 million 401(k) plan at Lone Star Technologies Inc., the management and holding company for Lone Star Steel.

Within two months of emerging from bankruptcy, the company launched an effort to overhaul the investment management and administration of its plan. The result is an annual saving of $40,000 for the company and greater flexibility for employees.

"We've taken away and taken away from our employees," said Curtis Crane, director of finances and taxes at Lone Star, commenting on the company's past 10 years. With the changes to the 401(k) plan, the company saves money, but the move is "perceived by our employees as 'Hey, they're really doing something for us.' "

As a result of the plan changes and an extensive employee communication and education effort led by The Putnam Cos., Boston, participation in the plan has jumped to 92% of eligible employees from 78% in less than a year.

Lone Star recently hired Putnam as a full-service defined contribution plan provider.

The 401(k) plan, which covers 600 salaried workers, previously offered employees five investment options and the opportunity to move assets between funds only twice a year.

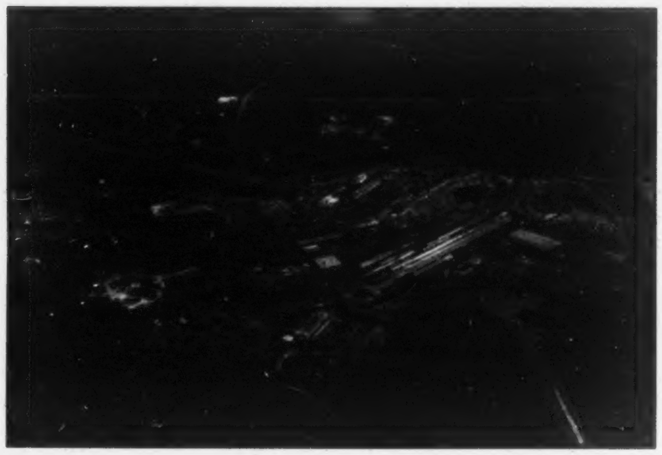
The company had done little to educate its employees about saving for retirement, or about the risk and reward of various asset classes.

"One of the goals (of the new education effort) at Lone Star was to get participants to take a longer view," said Phil Lussier, managing director, national sales manager for Putnam's Defined Contribution Plan Services.

Before Lone Star overhauled its plan, employees could either invest all of their money in one option or split it between two options.

Guaranteed investment contracts drew all the money of 60% of the employees. The plan's balanced fund drew all the assets of 5% of the employees, followed by equities, the only investment for 3% of employees, and bonds, the sole option for 1% of covered workers. An insignificant amount of employees invested in company stock.

Only about 15% of all employees opted to invest their money in two as opposed to one fund. The remainder did not participate.


The overhauled 401(k) plan of Lone Star Steel has more diversification options and a participation rate of more than 90%.

Now, 38% of the assets are invested in a growth and income fund, 34% are invested in a balanced fund, and 12% are invested in U.S. government bonds. Only 10% of the assets remain invested in GICs, while 5% are invested in a money market fund, and 1% is invested in company stock.

"We needed to offer our employees more of an opportunity to diversify their assets," Mr. Crane said.

So Lone Star called upon seven or eight mutual fund families. As it examined what different providers offered, the company found some of the mutual fund groups wanted the company to adopt their model plans. But Putnam was more flexible, Mr. Crane said. "Putnam came in and said, 'We'll work with you on your plan document,' " he explained.

Lone Star hired Putnam to provide bundled investment management, trustee and recordkeeping services. Putnam replaced The Wyatt Co., New York, as recordkeeper and The Vanguard Group, Valley Forge, Pa. and Texas Commerce Investment Management Co., Houston, as investment managers.

One of the most striking changes is the savings to the company. "From paying $60,000 to $62,000 a year in expenses, we've cut that down to roughly $22,000," Mr. Crane said. "The savings really broke down between recordkeeping fees and trustee fees."

"The best thing about Putnam is they came in, they gave enrollment classes," Mr. Crane said. "Everyone offers excellent funds, but the communication to the employees was the most vital in my opinion. That's on what basis you have to sell."

Changes also were made to the plan's design. Previously employees could only move money between investment options on a semi-annual basis.

"That's not user-friendly from a participant's point of view," Mr. Lussier said. Now employees can move money daily. "They took a giant leap to go from semi-annual to daily" transfers," Mr. Lussier said.

Other improved plan features include employees' ability to receive distributions within a week of leaving the company, as opposed to "a couple of months," Mr. Crane said. And loans now can be obtained within two weeks instead of six. ■

Funds

Continued from page 17

Trying to do a better job led David Redo, president and chief executive officer of Fremont Investment Advisers Inc., to create mutual funds for its parent, Bechtel, in late 1988.

"Our first objective was to allow retirees and those leaving Bechtel to rollover their retirement fund money," he said. "Also, we received pressure from others in the company who wanted to be able to invest taxable assets. Mutual funds are the only vehicle that can do both."

Originally, Fremont offered two funds — a global, multiasset approach and a money market fund. In 1990, it added a tax-free California intermediate bond fund for its taxable investors.

"We learned a big lesson. These are expensive to run," Mr. Redo said.

To spread the costs across a wider spectrum, the funds were offered to outside investors in 1991 and a fledgling marketing effort, including videos, was launched. An equity fund was added in 1992 and an intermediate corporate bond fund is expected to be added in 1993.

Today, the Fremont funds have $200 million under management, about 40% from outside investors, with $48 million from outside institutional investors, he said. Fremont still doesn't invest any of Bechtel's pension assets, but does allow rollovers from plan participants.

Caterpillar began moving toward mutual funds in 1990, when it offered a group trust with seven investment options for the pension funds of its thousands of full-time dealers and suppliers. Although the group trust worked much like a mutual fund, Mr. Pond said in a 1990 interview, he didn't think then that Cat's investment management arm was ready to take the plunge.

This summer, however, he decided the staff had the experience to set up the service systems necessary to offer the mutual funds. Daily transactions, toll-free telephone access and more frequent benefit statements are part of the benefits, he said. The funds, however, will not be actively marketed outside the firm for now. ■

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CEO COMPENSATION

Most highly paid CEOs

(Total current compensation)

Company	CEO	Size IQ	Performance IQ	Actual TCC ($ thousands)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Time Warner	Steven J. Ross & N.J. Nicholas	115	79	6,960
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Toys"R"Us	Charles P. Lazarus	104	112	5,530
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Bear Stearns	Alan C. Greenberg	84	102	5,300
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
ConAgra	Charles M. Harper	113	120	4,000
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Colgate-Palmolive	Reuben Mark	99	107	3,310

Most lowly paid CEOs

Company	CEO	Size IQ	Performance IQ	Actual TCC ($ thousands)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Berkshire-Hathaway	Warren Buffett	101	120	100
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Price	Robert E. Price	94	100	270
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Amerada Hess	Leon Hess	100	87	300
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Newmont Gold	Gordon R. Parker	68	97	410
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Highest performing CEOs

(Ranked by performance IQ during CEO's tenure)

Company	CEO	Performance IQ during tenure	Overall performance IQ	Size IQ	TCC ($ thousands)	TDC ($ thousands)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
St. Jude Medical	Lawrence A. Lehmkuhl	169	150	52	570	1,080
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Costco Wholesale	James D. Sinegal	152	144	89	420	1,100
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dillard Department Stores	William T. Dillard	149	141	98	1,780	3,020
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
General Dynamics	William A. Anders	132	93	105	1,500	13,530
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Merck	P. Roy Vagelos	130	129	106	3,340	4,820

Lowest performing CEOs

Company	CEO	Performance IQ during tenure	Overall performance IQ	Size IQ	TCC ($ thousands)	TDC ($ thousands)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Federal Express	Frederick W. Smith	70	68	107	660	660
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Digital Equipment	Kenneth H. Olsen	71	68	116	1,000	2,230
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Citicorp	John S. Reed	73	69	127	1,220	1,910
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Champion International	Andrew C. Sigler	74	73	103	1,140	1,760
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Westinghouse	Paul E. Lego	75	79	118	680	3,250

CEOs with largest percent increase in TDC

(1991 vs. 1990)

Company	CEO	Final performance IQ	Performance IQ during tenure	1990 TDC ($ thousands)	1991 TDC ($ thousands)	% increase
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Coca-Cola	Roberto C. Goizueta	125	123	10,640	63,550	497
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
& Fragrances						
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
W.R. Grace	J. Peter Grace	90	87	2,500	10,250	310
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Medco Containment	Martin J. Wygod	113	100	1,130	4,150	267
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
McCaw Cellular	Craig O. McCaw	99	100	2,320	7,560	226
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

CEOs with largest percent decrease in TDC

Company	CEO	Final performance IQ	Performance IQ during tenure	1990 TDC ($ thousands)	1991 TDC ($ thousands)	% decrease
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Time Warner	Steven J. Ross	79	79	99,620	11,000	89
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Browning-Ferris	William D. Ruckelshaus	80	80	4,210	810	81
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Chrysler	Lee A. Iacocca	93	107	4,500	1,480	67
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
PepsiCo	D. Wayne Calloway	116	115	5,400	1,960	64
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Phillips Petroleum	C.J. Silas	98	100	5,160	2,420	53
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Most highly paid CEOs

(Total direct compensation)

Company	CEO	Size	Performance	Actual TDC ($ thousands)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
United States Surgical	Leon C. Hirsch	74	147	42,730
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
General Dynamics	William A. Anders	105	93	13,530
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	& N.J. Nicholas			
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Merrill Lynch	William A. Schreyer	110	93	10,350
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Quaker Oats	William D. Smithburg	95	107	10,240
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
& Fragrances				

Most lowly paid CEOs

Company	CEO	Size IQ	Performance IQ	Actual TDC ($ thousands)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Berkshire-Hathaway	Warren Buffett	101	120	100
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Price	Robert E. Price	94	100	270
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Telecommunications	John C. Malone	105	104	450
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Long Island Lighting	William J. Catacosinos	93	91	460
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

CEOs with most sensitive pay packages

(Upside scenario)

Company	CEO	Estimated gain ($ millions)
[redacted]	[redacted]	[redacted]
Microsoft	William H. Gates III	2,413
[redacted]	[redacted]	[redacted]
The Gap	Donald G. Fisher	1,846
[redacted]	[redacted]	[redacted]
Loews	Laurence A. & Preston R. Tisch	1,578
[redacted]	[redacted]	[redacted]
Novell	Raymond J. Noorda	427
[redacted]	[redacted]	[redacted]
Nordstrom	John A. Nordstrom, et. al.	425

(Downside scenario)

Company	CEO	Estimated loss ($ millions)
[redacted]	[redacted]	[redacted]
Microsoft	William H. Gates III	1,461
[redacted]	[redacted]	[redacted]
The Gap	Donald G. Fisher	1,131
[redacted]	[redacted]	[redacted]
Loews	Laurence A. & Preston R. Tisch	963
[redacted]	[redacted]	[redacted]
Nordstrom	John A. Nordstrom, et. al.	260
[redacted]	[redacted]	[redacted]
Dole Food	David H. Murdock	246

Source: The Crystal 300 CEO Report

Most relatively overpaid CEOs

(Ranked by percent deviation)

Company	CEO	Actual TCC ($ thousands)	Actual TDC ($ thousands)	Size IQ	Competitive TDC ($ thousands)	Performance IQ	Final TDC ($ thousands)	% deviation
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Time Warner	Steven J. Ross	6,960	11,000	115	2,570	79	1,260	773
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
UAL	Steven M. Wolf	580	17,200	108	2,260	98	2,230	671
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
W.R. Grace	J. Peter Grace	1,710	10,250	104	2,090	90	1,560	557
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Masco	Richard A. Manoogian	1,500	6,550	98	1,870	83	1,070	512
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
United States Surgical	Leon C. Hirsch	2,070	42,730	74	1,420	147	8,120	426
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
& Fragrances								

Most relatively underpaid CEOs

Company	CEO	Actual TCC ($ thousands)	Actual TDC ($ thousands)	Size IQ	Competitive TDC ($ thousands)	Performance IQ	Final TDC ($ thousands)	% deviation
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Berkshire-Hathaway	Warren Buffett	100	100	101	1,950	120	4,580	-98
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Costco Wholesale	James D. Sinegal	420	1,100	89	1,700	144	8,890	-88
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Wal-Mart	David D. Glass	920	1,220	129	3,190	126	9,270	-87
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Nike	Philip H. Knight	650	650	85	1,630	123	4,250	-85
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

GRAPHICS BY CHRIS ROY

Fear: The great motivator

Companies perform best when CEOs have a lot at stake

Graef Crystal, executive compensation authority and adjunct professor at the Haas School of Business, University of California, Berkeley, conducted the 1991 chief executive officer compensation study for Pensions & Investments in conjunction with his publication, The Crystal Report, based in Napa, Calif.

By Graef Crystal

Money's motivational magic is vastly overrated in driving a chief executive officer to improve corporate performance, according to the findings of a study of the pay of the CEOs of 300 major corporations.

But fear is underrated as a motivator. Executives who own lots of stock in their companies perform better than those who don't, the study found. To be sure, they are well remunerated if their company does well; but more importantly they stand to take a bath if their company fails.

The study of the 1991 compensation of the chief executive officers in terms of their stock market capitalization found little relationship in aggregate between CEO pay and corporate performance as measured by total return to shareholders.

Chief executive officers in the study received a wide range of pay for the year. Of the extremes, Novell Inc. got its chief executive officer — Raymond J. Noorda — to work for nothing, while Coca-Cola Co. paid its top executive — Roberto C. Goizueta — $63.6 million.

A full copy of the 56-page Crystal 300 report may be obtained by subscribing to The Crystal Report, 564 Montecito Blvd., Napa, Calif. 94559; (707) 226-8417.

Company performance accounted for less than 5% in the variation of "total direct compensation," a comprehensive measure of pay that includes salary as well as stock options.

Likewise, company size, a potentially key determinant in compensation, explained little of the variation in chief executive pay levels.

The best performing company during the chief executive officer's tenure, ranked by relative performance against the others in the study, or its so-called performance IQ, was Amgen Inc. Its chief executive, Gordon M. Binder, received a total direct compensation of $980,000.

It was followed by St. Jude Medical Inc., which paid Lawrence A. Lehmkuhl $1.08 million.

The worst performing company during the chief executive officer's tenure, again measured by performance IQ, was Tandy Corp. Its chief executive, John V. Roach, received $1.47 million. It was followed by Federal Express Corp., which paid Frederick W. Smith $660,000.

Measuring the compensation of an executive is difficult, and controversial, because there is no agreement on the elements of total compensation. (In cases where there are two or more co-chief executives, such as at Time Warner Inc. and Nordstrom Inc., the study aggregates their pay to arrive at one figure.) Compensation for a chief executive officer typically consists of a half-dozen elements:

- base salary;
- bonus for annual performance, whether paid currently or deferred;
- annualized present value of stock option grants;
- annualized value at grant of restricted stock awards;
- annualized value at payout of performance share and performance unit awards; and
- miscellaneous compensation, such as the value of interest-free loans and the value of perquisites.

The sum of all of these elements is defined in the study as the chief executive officer's total direct compensation. TDC.

But the more popular conception of pay to lay people is the sum of only two of the elements — base salary and bonus for annual performance. Termed the chief executive's total current compensation, or TCC, this limited conception of pay consists generally of the amount a chief executive officer receives in cash unequivocally in the preceding year, and it's the amount easily identified in proxy statements.

But cash isn't the only thing of value a chief executive receives in compensation. Looking at TCC alone fails to account for the other compensation an executive has, even though he may not receive it immediately in cash. Most shareholders miss the other elements of compensation. In terms of TCC, for example, Coca-Cola's Mr. Goizueta received $3.14 million, compared with his TDC of $63.6 million.

The more inclusive figure — the TDC — isn't a number found easily in proxy statements or the one corporations want shareholders to emphasize. The TDC includes rewards for past performance and incentives for future performance. But its value has a more theoretical base because stock grants or options are restricted or not practically exercisable, thus a chief executive officer can't immediately receive cash for all of these forms of compensation. Except where indicated, the study uses TDC as the chief executive officer's pay.

The study acknowledges other methods of calculating TDC. In this regard, most prominent is the compensation of H.J. Heinz Co.'s chief executive, Anthony J.F. O'Reilly, whose 1991 TDC was either $3.63 million or a whopping $75.08 million, which would put him ahead of Coca-Cola's Mr. Goizueta.

The difference lies solely in the way the stock option grants are calculated. The normal TDC calculates the present value of stock options grants the year they are granted and thus arrives at the $3.63 million, giving Mr. O'Reilly a relatively modest ranking in the study. But the alternative TDC calculates stock options based on the gains received in the year exercised; because Mr. O'Reilly chose to exercise last year grants received in previous years, some consultants would thus calculate his 1991 compensation at $75.08 million. This alternative TDC of using stock option gains has shortcomings. A significant one is that if Mr. O'Reilly waited until, say, after he retired to realize his gain, the big gain he receives after his tenure as CEO is finished would never have been recognized as part of his compensation, although the options clearly were part of his remuneration, and thus his total pay as CEO would have been underreported.

The study shows almost 90% of the variation in total direct compensation has nothing to do with two key factors — company size and company performance — that ought to explain all, or almost all, of the variation in chief executive officer pay.

With this much randomness in pay, the evidence is doubtful there is a market for chief executive officer talent. In other words, based on these factors, the study shows the market isn't allocating the resource of chief executive officers in an efficient fashion.

If money really motivated chief

See **Crystal** *on page 34*

LINDA SUE SCOTT

Graef Crystal found that measuring CEO pay is a difficult task because there is no consensus on elements of total compensation.

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Nuts and bolts of CEO compensation study

The study of the 1991 pay of chief executive officers of 300 of the largest corporations focuses on three critical elements:

- the method of calculating the present value of stock option grants;
- a company's relative size — a potentially key determinant of CEO pay — known as its size IQ score; and
- a company's relative performance, known as its performance IQ score.

Valuing stock option grants

The study values stock option grants at their present value. The calculation begins by determining the size of the option, which is the product of the number of shares granted and the strike price of the option per share, that is, the price the executive must pay to exercise the option. The calculation then follows a number of steps, consisting of several other key elements:

- estimate the expected future total shareholder return, including stock appreciation and dividends, for each company, using the capital asset pricing model;
- assume the option, typically having a 10-year term, will be exercised eight years after its grant;
- calculate the expected future value of the option, based on the foregoing assumptions, less the strike price of the option;
- discount the future value of the option by a rate higher than the expected rate of return determined by the capital asset pricing model in recognition of the higher risk of an option compared to a stock;
- adjust the present value of the option if the ratio of a company's market price per share to its book value per share is abnormally high or low; and
- multiply the number of shares in the option grant by the option's adjusted present value per share to produce the total grant's present value.

For the 300 companies in the study, the present value of the options averages 31% of the options' aggregate strike price range. The range is from 10% to 65%.

Size IQ

The study determines the size IQ of a company by taking into account: company sales; invested capital (typically shareholders' equity plus long-term debt); and the total number of employees.

Like its counterpart in intelligence testing, the data are set so the average company has an IQ of 100 and the standard deviation of the distribution is 15. If the distribution were perfectly normal, 95% of the companies would fall within an IQ range of 70 and 130.

Of the 300 companies surveyed, General Motors Corp. has the largest size IQ at 148, followed by Ford Motor Co. at 146, IBM Corp. at 140, General Electric Co. at 139 and Sears Roebuck & Co. at 137.

St. Jude Medical Inc. has the smallest size IQ at 52, followed by ALZA Corp. at 57, Newmont Mining Corp. and Amgen Inc., both at 64, and Tambrands Inc. at 65.

Performance IQ

The study measures company performance — its so-called performance IQ — as the total shareholder return. The return is first measured over the 10 years ended Dec. 31, 1991, and then for successively shorter cumulative annual periods to capture long-, medium- and short-term performance. Thus, return is measured for the 10 years, then for nine years, then for eight years and so on to achieve 10 time windows. The returns are smoothed to compensate for normal market randomness and transformed into IQ scores, similarly to size IQ. That is, the average company return has an performance IQ of 100.

For CEOs who have held their jobs for 10 years or more, their pay also is compared against the performance IQ's 10-year time window. For CEOs who have held their job for less than 10 years, their pay is compared to the shareholder return time window that matches their tenure. Thus, if a CEO held his job six years, his pay is compared to the six-year total shareholder return time window.

The final performance IQ score for a company is determined by placing 50% of the weight on the 10 performance periods and the other 50% to the performance IQ matching the CEO's tenure. For CEOs who held their jobs for fewer than three years, the study places comparably less weight on the performance IQ for the time window matching their tenure and more weight on the 10-year window performance IQ. This adjustment avoids placing too much weight on performance of such a short-term nature.

The study makes one other adjustment to the performance IQ to eliminate outliers. For companies with performance IQs above 150 or below 50, their scores were adjusted, respectively down to 150 or up to 50.

The Gap Inc., St. Jude Medical and Amgen have the largest performance IQs, all at 150, followed by U.S. Surgical Corp. at 147 and Costco Wholesale Corp. at 144.

Tandy Corp. has the lowest performance IQ at 63, followed by Digital Equipment Corp. and Federal Express Corp., both at 68, and Citicorp at 69.

— Graef Crystal

MFS group restructured

BOSTON — Massachusetts Financial Services has restructured and renamed its institutional investment management division.

The MFS Asset Management Group, formerly known as the investment counsel division, is being directed by a team of managing directors responsible for investment, sales and marketing and client services.

The group, which manages $3 billion for 34 clients, is functioning independently of its parent company.

John E. Jamieson, senior executive vice president of MFS, is heading the asset management group. ■

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Crystal

Continued from page 31

executive officer performance, one might conclude the more long-term incentive plans in which the CEO participated the better. This conclusion, however reasonable, is wrong.

An analysis of incentive plans found that if the chief executive participates in no long-term incentive plans at all, he is likely to be paid 37% below the presumed market rate of compensation. If he participates in a single long-term incentive plan, he is likely to be paid 12% above the market. If he participates in two long-term incentive plans, he is likely to be paid 59% above the market; and if he participates in three long-term incentive plans, he is likely to be paid 108% above the market.

This analysis indicates companies don't play a zero-sum game when they add a new long-term incentive plan to their executive compensation arsenal. That is to say, they don't cut back on the size of grants under existing long-term incentive plans.

Of interest to shareholders, the relationship between long-term incentive plans and company performance is negative. Each additional long-term incentive plan in which a chief executive participates subtracts on average 1.3 percentage points from the company's 10-year total shareholder return.

On average, chief executives participating in three long-term incentive plans earn far more in compensation than the presumed market rate, while their companies achieved slightly below average performance.

The chief executives with the most sensitive pay packages — in terms of sensitivity to company performance — tend to bear the most risk as well as stand to gain the most reward. Typically, the chief executives who own huge amounts of the stock head both lists. Take two scenarios, one upside and one downside, when a typical company's stock is expected to produce a total return of 12% or a loss of 12%, although the exact figure varies from company to company, depending on each one's particular assumptions.

In the upside scenario, Berkshire Hathaway Inc.'s Warren Buffett has the most sensitive pay in terms of absolute dollars, standing to gain $3.451 billion. In the downside scenario, Mr. Buffett also bears the most risk, standing to see his pay fall $2.09 billion.

Interestingly, the results show a highly significant relationship between the riskiness of a company, as measured by either its stock price volatility, or beta, and the pay sensitivity downside scenario ratio. The ratio measures the dollar amount by which the value of the downside scenario pay package is less than the dollar amount of the base pay package.

Charles P. Lazarus, chief executive, Toys 'R' Us Inc., had the lowest ratio at 0.19, meaning in a downside scenario of the stock, his pay ultimately would be only 19% of its base value. Following just behind him are Apple Computer Inc.'s John Sculley at 0.27, Primerica Corp.'s Sanford I. Weill at 0.28, and U.S. Surgical Corp.'s Leon C. Hirsch and Becton Dickinson & Co.'s Raymond V. Gilmartin, both at 0.30.

Typically, the lower the downside scenario ratio, the higher the stock's beta. Thus, the chief executives who have the most to lose are also the most likely to take on more business risk. This finding may appear counterintuitive in the view that those with a lot to lose would be more risk averse. But for the most part, chief executives with the lowest ratios have the most to gain, in dollars, if the stock price increases rather than retreats.

There is also a highly significant relationship between the downside scenario ratio and past company total shareholder return. In this case, the lower the ratio, the higher the company's past shareholder return.

Thus, these results appear to confirm that money indeed motivates. But studying the ratio of the same pay package values under an upside scenario undermines the concept of money as a motivator. The study found no solid statistical relationship between the upside package and past company performance.

The reason for this dichotomy: Although high downside risk always is associated with high upside reward, low downside risk is not always associated with low upside reward. Berkshire Hathaway's Mr. Buffett or Microsoft Corp.'s William Gates, for example, can lose billions if their companies take it on the chin, but they also can make billions if their companies prosper. But not so with a CEO who owns few shares of his company's stock but has a lot of options on shares. In this case, the chief executive stands to lose little if his company performs poorly, while making millions if it performs well.

Company size shows little correlation between company performance and chief executive compensation. The largest company ranked by relative size, or size IQ, General Motors Corp., paid Robert C. Stempel a TDC of $1.64 million. Of the next largest companies, Ford Motor Co.'s Harold A. Poling received $1.63 million; IBM Corp.'s John F. Akers, $4.93 million; General Electric Co.'s John F. Welch, $7.89 million; and Sears Roebuck & Co.'s Edward A. Brennan, $2.23 million.

In turn, at the smallest company, St. Jude Medical, Mr. Lehmkuhl received $1.08 million. Of the next smallest, ALZA Corp.'s Martin S. Gerstel received $450,000; and Newmont Mining Corp.'s Gordon R. Parker, $1.85 million.

Other results of the study show Coca-Cola's Mr. Goizueta, not surprisingly, led the list of chief executives with the largest dollar increase in total direct compensation with a raise of $52.91 million. Following him were U.S. Surgical's Mr. Hirsch, whose increase of $27.76 million raised his compensation to $42.73 million; Quaker Oats Co.'s William D. Smithburg, with $8.74 million to $10.24 million; and W.R. Grace & Co.'s J. Peter Grace, with $7.75 million to $10.25 million.

Mr. Grace, besides receiving one of the largest compensation increases, was the most relatively highest paid chief executive officer in relation to his company having the lowest relative performance. Based on the study's analysis, he made $9 million more than he should have in 1991.

On the other hand, Time Warner's dual team of Steven J. Ross and N.J. Nicholas felt the largest dollar decrease in their total direct compensation last year. Their combined compensation fell $88.62 million to $11 million. Following them was Reebok International Ltd.'s Paul B. Fireman, whose compensation fell $30.78 million to $2.52 million; Walt Disney Co.'s Michael D. Eisner, falling $5.79 million to $5.44 million; and Sara Lee Corp.'s John J. Bryan, falling $4.35 million to $2.28 million. ■

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AT DEADLINE

W. Virginia hires for equities

The $2.5 billion West Virginia Board of Investment hired four managers as part of a $500 million diversification into equities. The firms will be funded during the next two to three years, said H. Craig Slaughter, executive director.

Bankers Trust will run 50% of the allotment in an S&P 500 index fund; Independence Investment Associates will manage 20% in an enhanced S&P 500 index.

Chancellor Capital will manage 15% in growth equities; Duff & Phelps, 15% in value equities.

GE part of realty venture

The $32 billion General Electric pension trust and a company formed by Ross Perot Jr. formed Eagle Development Co., which will invest in mixed-use land development.

Cabot hires 4 managers

The $50 million Cabot Corp. pension trust hired three equity and one bond manager.

New equity managers are: Westfield Capital and $10 John A. Levin, which will manage $10 million each, and Wellington Management, $20 million. PanAgora will run a $10 million enhanced bond portfolio.

The hires were funded with cash and short-term assets.

Arcuni leaves New Jersey

Anthony Arcuni, deputy director at the New Jersey Division of Investment, has joined First Fidelity Bank as senior vice president and head of private banking.

Continued on page 51

INSIDE

BROOKE HUMMER

Activists claim victory

Shareholder activists say Edward A. Brennan did it their way when he decided to spin off most of Sears' non-retail businesses. Others say the languishing stock price was the spark. Page 3.

Ameritech fund sues Salomon

By Curtis Vosti

CHICAGO — Ameritech Corp. is suing Salomon Brothers Inc. and a subsidiary after the Ameritech pension fund lost almost all of its $20.9 million investment in fee participation rights it bought from Salomon.

The $15 billion Ameritech pension fund has recouped only $526,068 directly from the four investments, made between 1987 and 1989. The fund, however, was able to recover an additional undisclosed amount in a bankruptcy court proceeding for Motels of America Inc., whose properties were the basis of most of the fee participation rights.

Though the Ameritech suit was filed Sept. 1, questions about the investments first surfaced in 1989. By Dec. 19, 1990, Ameritech informed the Department of Labor about its internal investigation of the investments. In April 1991, Ameritech's pension fund filed amended statements with the Internal Revenue Service indicating the investments were apparent prohibited transactions.

AMERITECH

In a related but separate action, Salomon also has been sued by a group of institutional investors led by Xerox Financial Services Life Insurance Co. in connection with Salomon's underwriting role in the institutions' 1989 purchase of $34 million in mortgage notes from Motels of America. It was the properties upon which those mortgages were issued — 17 Cricket Inns bought by Motels of America — that provided the fee participation rights for the fee participation portfolio Salomon sold to the Ameritech pension fund.

In return for underwriting mortgages that helped Motels of America and Best Inns Inc. finance purchases, Salomon received the fee participation rights, which Salomon described as an "equity kicker." Those rights included participation in net cash flow, any sale or refranchising proceeds and appreciation of the properties.

Both suits allege Salomon provided misleading information on the cash flow and financial health of the properties that lulled the plaintiffs into the investments. Within a year of the 1989 mortgage note sale to Xerox Financial, Motels of America defaulted on the interest payments. Four months later, in December 1990, the company filed for bankruptcy protection.

Robert Baker, a Salomon spokesman, declined comment on the suits. So did Ameritech spokesman Michael Brand. An attorney for Xerox Financial, based in Oakbrook Terrace, Ill., was not available for comment.

The financial troubles for Motels of America and later, Best Inns, resulted in the Ameritech pension fund receiving only $526,068 in cash flow payments on its $19.34 million investments in the Motels of America fee participation contracts and nothing

See **Suit** *on page 51*

Perot plan's timing scares investors

By Terry Williams
and Fred Williams

Ross Perot's re-entry into the presidential race prompted economist Edward Yardeni to call him the "Freddy Krueger of American politics," the fiend from the "Nightmare on Elm Street" movies who keeps coming back from the dead.

And institutional investors believe Mr. Perot's deficit reduction plan, if implemented, would indeed be a nightmare — on the Elm streets, Main streets and Broadways of America — in the short term because of its austere measures.

Long term, the plan has its merits, the institutional investors said. But all those interviewed question whether now — in an economy that needs a mirror held under its nose to see signs of life — is the right time.

Those concerns may be moot, however, because many institutional investors don't believe Mr. Perot has a chance to win the election. Most believe Gov. Bill Clinton will be the next president.

If Mr. Perot were elected, his deficit reduction plan would go into effect in 1994, giving the recovery time to gain momentum.

The Perot plan would increase taxes on Social Security, raise Medicare premiums, curb Medicare and Medicaid costs, cut farm supports, increase the top income tax rate to 33%, restrict mortgage deductions and increase the tax on gasoline and cigarettes.

The Perot plan would decrease the $300 billion-plus federal deficit to $95 billion by 1995 and zero by 1998.

Francis Kelly, chief investment officer of The Putnam Cos. Inc., Boston, is among those questioning the timing.

See **Perot** *on page 48*

AP/WIDE WORLD PHOTOS

Ross Perot's deficit reduction plan would hurt the economy short term, pension and money management executives say.

Labor Department issues final 404(c) rule

By Fred Williams
and Joel Chernoff

Final 404(c) regulation, announced Oct. 8 after five years of debate, will cause plan sponsors to scrutinize their participant-directed plans, even if they don't amend the plans to comply.

Many plan sponsors already revamped their defined contribution plans in anticipation of the regulation to provide more investment choices and information to participants.

The final rule is optional for those plan sponsors wanting to gain relief from fiduciary responsibility for individual investment selections.

The regulation excludes a requirement that an employer hire an independent fiduciary where employer stock is an investment option. A similar proposal requiring an independent fiduciary for internally managed portfolios also was dropped.

Both provisions had been included in a draft version issued in March 1991.

Under the final rule, employers choosing to comply must give participants the opportunity to:

- Choose from at least three investment options, each with different risk and return characteristics. Most guaranteed investment contracts would not qualify as one of three core investment options;
- Give investment instructions as often as appropriate — but not less than quarterly — for the market volatility of the investment;
- Make informed investment decisions because information about the plan and available investment options will be furnished to them.

Some employee benefit specialists said they do not anticipate wholesale adoption of the new regulation.

Noel Lee, consultant, William M. Mercer Inc., Dallas, said employers probably will examine the new regulation, then will "consider (adopting) it if they are already in the process of making plan design changes." But if the new regulation will cause large-scale plan changes, "there is no incentive to do that."

The protections are minimal, said Henry Saveth, consultant with A. Foster Higgins & Co., New York. "Some will say the prize is not worth the race. They don't get that much additional protection." Plan sponsors still would be on the hook for selecting and monitoring money managers, he said.

See **404(c)** *on page 49*

NEWS DIGEST

JOE WILSSENS

Chrysler Corp.'s accrued unfunded pension and retiree medical liabilities — estimated to total up to $11 billion — could wipe out its entire shareholder equity. Page 49.

A San Francisco City & County Retirement System trustee sues the retirement fund over losses in its South Africa-free index fund. Page 37.

PRIM's executive director fights allegations he made decisions that benefited his former employer, State Street Bank & Trust Co. Page 39.

SPECIAL REPORT: MASTER TRUST/GLOBAL CUSTODY

The future for banks offering master trust services points to fewer and larger players while the global custody market continues to grow. Page 17.

NBD Bank and Citibank tie for highest overall customer satisfaction for master trust banks, while Boston Safe Deposit is first for global custody. Page 17.

FINANCING

TWA and its creditors search for debtor-in-possession or other short-term financing to help lift the troubled airline out of Chapter 11. Page 2.

INTERNATIONAL

Despite the Mideast war and other global upheavals, institutional investors in the United States and abroad increase foreign stock holdings in 1991. Page 8.

REAL ESTATE

Ameritech Corp. sues Salomon Brothers over investment losses in fee participation rights based mostly on motel properties. Page 1.

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Pension fund survey in the mail

Work has begun on *Pensions & Investments'* annual survey of the top 1,000 pension funds. The questionnaires were mailed Oct. 2 and are due Nov. 8. The resulting information will be published in the Jan. 25 issue of *P&I*. If you should be included in the directory, but have not received a questionnaire, please call Karen Waters, directory coordinator, at (312) 649-5240.

Financing hunt on at TWA

PBGC, creditors 'understanding' may circumvent Icahn

By Joel Chernoff and Marlene Givant Star

Trans World Airlines Inc. and its creditors are searching for debtor-in-possession or other short-term financing to help lift the troubled airline out of Chapter 11.

An understanding reached last week by the Pension Benefit Guaranty Corp. and other creditors may enable them to circumvent TWA owner Carl Icahn. PBGC officials and Mr. Icahn have been stalemated in talks to get Mr. Icahn to stand behind a larger portion of TWA's $1.2 billion in pension underfunding as part of a reorganization plan.

Under the understanding reached between PBGC and creditors, TWA would issue a 15-year note to the PBGC secured by the airline's international routes and Kansas City maintenance facility.

The PBGC would terminate TWA's two pension plans before the airline emerged from reorganization under Chapter 11 of the federal bankruptcy code. Thus, the PBGC still would pursue claims against Mr. Icahn's other entities, notably ACF Industries. (The 1974 Employee Retirement Income Security Act permits the PBGC to recover losses incurred from terminated plans from companies that share at least 80% common ownership.)

But the potential deal between the PBGC and creditors still needs outside financing to make it viable. Mr. Icahn's promise to provide $200 million in secured loans to the airline as part of a reorganization plan that would eliminate his ownership likely would disappear if the creditors are successful.

Now, investment bankers for the creditors' committee, TWA and the PBGC separately are trying to locate debtor-in-possession financing or other short-term secured loans, said James Lockhart, the PBGC's executive director. Under DIP financing, lenders provide financing to bankrupt companies and are repaid ahead of other unsecured creditors.

"We think there's a reasonable chance to pull it together. It's not a negotiating ploy," Mr. Lockhart said.

Wilbur Ross, senior managing director of Rothschild Inc., New York, who represents unsecured TWA creditors, said: "Getting DIP financing under this situation shouldn't be a problem.

"Assuming Icahn goes along with it . . . the remaining issue would be how the (fixed-rate) bondholder creditors divvy up what's left. That's the next area for discussion."

TWA is now ready to discuss "more normal intercreditor-type

See **TWA** *on page 50*

Pension provisions doomed

Nuclear trusts face fewer prohibitions

By Hillary Durgin

WASHINGTON — Vital changes to new pension withholding rules were expected to miscarry along with other pension proposals as Congress' tax bill headed for a presidential veto.

Meanwhile, President Bush is expected to sign an energy bill removing investment restrictions on nuclear decommissioning trusts and provide funding for medical expenses of retired mineworkers and their dependents.

But other legislation containing key pension provisions fell by the wayside:

- Time constraints and opposition from banks helped kill bankruptcy reform legislation that would have bolstered the health-care claims of retirees and active unionized workers in bankruptcy proceedings. The bill also would have permitted both the Pension Benefit Guaranty Corp. and public pension funds to obtain seats on creditors' committees.
- Irreconcilable differences between House and Senate conferees helped quash a bill that would have required companies to make retroactive, matching contributions to 401(k) plans on behalf of returning veterans.
- Dropped from final defense reauthorization legislation was a provision requiring companies with defense contracts to offer enriched early retirement benefits to workers who are laid off.

Politics is cause of death

A likely presidential veto of the tax bill would cap a year in which significant pension- and benefit-related measures have died for political reasons.

"The major lesson here is, here you have benefits provisions and pension provisions on which there is agreement and which all year have been frustrated by unrelated issues," said Frank B. McArdle, manager of Hewitt Associates' Washington office.

See **Congress** *on page 51*

High court takes pension cases

TOM REED

One pension case before the Supreme Court involves Hewitt and Kaiser Steel; another, Harold Simmons' Keystone Consolidated.

By Joel Chernoff

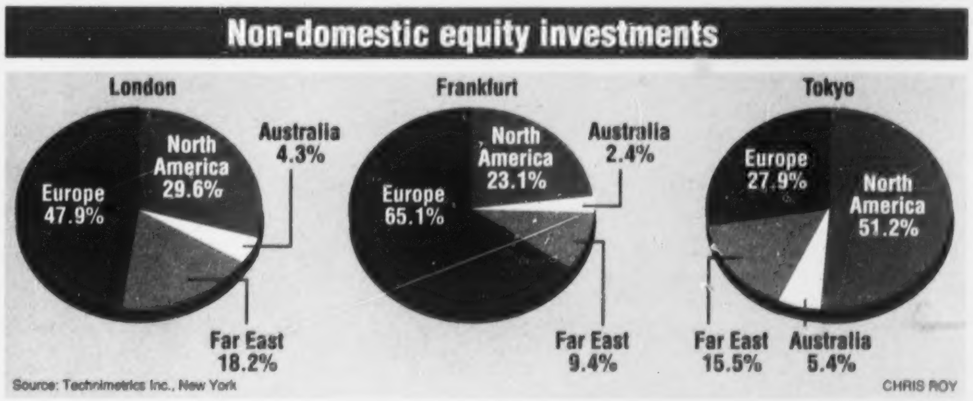
WASHINGTON — The Supreme Court agreed to hear two pension fund cases, including one about whether pension plan participants can sue service providers that give poor advice to a plan fiduciary.

The case involves Hewitt Associates, Lincolnshire, Ill., which is being sued by retirees of a terminated Kaiser Steel pension plan for allegedly providing faulty actuarial advice.

Lower courts have found the retirees do not have grounds to sue Hewitt as a non-fiduciary to the plan. A Supreme Court ruling could expose actuaries, accountants and attorneys to potential liability. That could lead such service providers to seek strict indemnification agreements from clients, or increase their fees to offset the increased risk.

The second case involves the contribution by Keystone Consolidated Industries Inc. of unencumbered real property to its pension plan without first seeking government approval. If the Supreme Court upholds the appellate court ruling allowing the

See **Court** *on page 50*


Non-domestic equity investments

Source: Technimetrics Inc., New York
CHRIS ROY

INTERNATIONAL

Institutional investors still hungry for foreign stocks

■ Despite the Mideast war, upheaval in the former Soviet republics and Japan's economic downturn, institutional investors here and abroad increased their foreign stock holdings in 1991, a new study shows.

Foreign equity holdings increased as much as 20% and investors' appetites will continue to increase throughout the decade, led by North American and European investors, said the report by Technimetrics Inc., a financial information services firm in New York.

The amount of foreign equities held by U.S. institutional investors increased more than 6% to an estimated $131.9 billion in 1991 while foreign stock investments by Continental Europeans — in neighboring markets, the U.S. and the Pacific Basin — increased nearly 20%. Europe's big gains were spurred by legislative changes.

In terms of institutional equity assets under management, Tokyo is king with more than $1.6 trillion.

New York and London are the distant runners-up with $507 billion and $477 billion respectively.

— Marlene Givant Star

REAL ESTATE

JMB jumps back into mall game

■ JMB Institutional Realty Corp., Chicago, made its first mall investment for pension clients in almost three years.

JMB, on behalf of the Wisconsin Investment Board and 49 institutional investors in one of its commingled funds, purchased a 50% equity interest in The Pavilions Mall at Buckland Hills in Buckland Hills, Conn., near Hartford.

The Wisconsin State Board and the $320 million Group Trust V, a closed-end investment trust, share equally in the investment. No price was given.

The mall interest was purchased from Homart Development Co., Chicago, which retains the remaining interest in the mall.

"This is a major move by JMB, and it announces that we are back investing in prime regional malls," said Bruce Duncan, president of JMB Institutional.

Jerry Claeys, JMB chairman, said many regional malls have been overpriced, but prices have dropped sharply in recent months.

Two years ago, the capitalization rates for top quality malls ranged from 4.75% to 6%. But cap rates for top-quality malls have now risen about 200 basis points, he said.

Higher capitalization rates generally indicate falling property prices.

The Pavilions at Buckland Hills is a two-level, enclosed regional mall containing 952,018 square feet of space for five major anchors and 364,000 square feet for specialty retail tenants in addition to substantial expansion space.

— Steve Hemmerick

The Pavilions Mall at Buckland Hills is the first mall investment JMB has made for pension funds in three years.

MONEY MANAGERS

HD International fits Credit Suisse

■ James Heyworth-Dunne, managing director and chief investment officer of HD International Ltd., London, calls the firm's acquisition by London-based Credit Suisse Asset Management Ltd. "an extremely neat fit."

HD International, which manages more than $1.6 billion for institutional clients worldwide, is an active global equity manager. About half of its assets are managed on behalf of U.S. institutions.

Credit Suisse specializes in international fixed income, Mr. Heyworth-Dunne said. What equities are managed by the new parent company will be passed to HDI. "HDI was exactly what CSAM was looking for to complete its investment management services," he said.

Mr. Heyworth-Dunne, who will retain both his titles, said HD International will "be run as an independent firm, with exactly the same investment philosophy as we have always had. We are gaining from our acquisition by Credit Suisse, significantly more funds under management, more clients, staff and support."

Credit Suisse acquired HD International from Power Financial Corp., Montreal. Terms of the deals, which is subject to contract and regulatory considerations, were not disclosed.

"The genesis of the idea was that I realized that we needed more support to grow further," said Mr. Heyworth-Dunne. "I had to make up my mind about which way to go and independence was fine, but I wanted a strong business partner rather than a venture capital partner, which we had in PFC."

Kemper Financial Services, Chicago, was reportedly a bidder for HD International, but spokesman Steve Radis would not comment on Kemper's involvement.

— Christine Philip

INVESTING

Other computer kings may follow Wang's descent

■ The recent bankruptcy filing by computer-maker Wang Laboratories Inc. was a signal to investors that even well-known companies can falter, and other computer giants could follow suit, according to The Turnaround Letter, a publication on distressed securities based in Boston.

"When we started this newsletter more than six years ago, we never expected to be writing about IBM (Corp.), Digital Equipment (Corp.) or many of the other stocks on the list below," said the newsletter, referring to such firms as Apple Computer Inc. and Hewlett-Packard Co.

While such companies once were considered elite growth stocks, all are well below their 10-year highs and several have been declining for a number of years.

"Many of these companies are now turnaround candidates and probably not all of them will make it," the newsletter said.

As computers get smaller, faster and cheaper, big companies will have to either keep up with the changes in the market or go the way of Wang.

The newsletter did single out some companies that are worth keeping an eye on, especially since Wall Street has pummeled the prices of high-tech stocks. Among them: Data General Corp. and IBM.

— Marlene Givant Star

ASSOCIATIONS

Warsaw plays host to CFA test East Europe-style

■ For the first time ever, the chartered financial analyst exam was offered in Eastern Europe.

Two Poles, Dariusz Pronczuk and Jaroslaw Szwankowski, were the only exam-takers in Warsaw, the Eastern European locale, and one of 140 sites worldwide. The test was offered by the Association for Investment Management and Research, Charlottesville, Va.

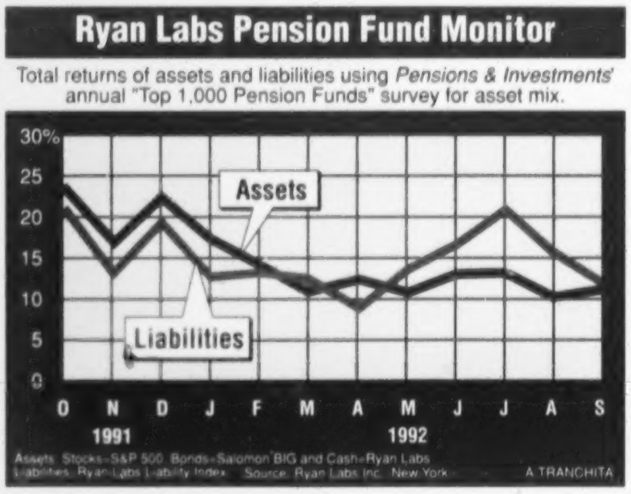
Mr. Pronczuk, an analyst at a small investment bank based in Warsaw, said he thought gaining a CFA would enhance his career. "As more and more American banks and financial institutions are coming into Poland, it might be quite useful," the 31-year-old analyst said.

His firm, Hejka Michna Inc. Capital Markets, was founded by three individuals, two of whom had Polish backgrounds and experience in trading on Wall Street. The firm has enticed $20 million to $30 million in foreign capital to Poland this year, he said.

But Mr. Pronczuk does not think he did well on the test because the rules were changed. While he was preparing for a multiple-choice test, this year's exam asked for written answers. His English is not yet up to snuff, he said.

Lest Mr. Pronczuk feel too bad, about 40% of the applicants fail the test.

— Joel Chernoff


Ryan Labs Pension Fund Monitor

Total returns of assets and liabilities using *Pensions & Investments'* annual "Top 1,000 Pension Funds" survey for asset mix.

Assets: Stocks=S&P 500, Bonds=Salomon BIG and Cash=Ryan Labs
Liabilities: Ryan Labs Liability Index. Source: Ryan Labs Inc., New York
A TRANCHITA

BENEFITS

IBM making huge medical payouts

■ A major chunk of the $2.1 billion charge against earnings IBM Corp. is taking this year will go to cover medical benefits of employees leaving the company.

Armonk, N.Y.-based IBM recently announced that 40,000 employees are expected to leave the company worldwide as part of a buy-out plan. Last year, IBM had taken a $3.4 billion charge in anticipation that 20,000 employees would leave the company, but the numbers of employees taking advantage of the plan has soared.

Little known is that many of these employees are departing on a "leave of absence" program, which entitles them to full medical benefits and additional pension accruals until they retire.

Departing employees also are awarded severance benefits of up to one year's pay.

While IBM has not broken out the costs of the program, paying for medical benefits is a large chunk.

The effect on IBM's pension fund, however, is minimal; no changes in its personnel or investment strategy are expected, a spokesman said.

— Joel Cheroff

Pension executives rate trust service

Boston Safe, NBD, Citibank earn top scores

By Fred Williams

NBD Bank, Detroit, and Citibank, New York, tied for highest overall customer satisfaction rating for master trust banks, while Boston Safe Deposit Trust Co., Boston, was first for global custody banks.

Those are the results of *Pensions & Investments*' biennial survey of corporate plan sponsors.

For master trust, both NBD and Citibank received 4.67 ratings — of a possible 5.0 — in customer satisfaction. Boston Safe; First Kentucky Trust Co., Louisville; and U.S. Trust Co. of New York tied for second. Each received 4.5.

In global custody, Boston Safe — whose scores were combined with those of its parent, The Boston Co. — received a rating of 4.2. Tied for second, with a 4.0 score, were: NBD; Citibank; Bank of New York; and Harris Trust and Savings Bank, Chicago.

P&I's survey also showed 77% of plan sponsors view master trust fees as average, compared with 12% that believe their bank master trust fees are too high.

The survey asks corporate plan sponsors to rate master trustees on a variety of topics, including bank reporting; quality and promptness of the bank's systems; service orientation; and on-line capabilities.

Global custodians also were rated on settlement capabilities, dividend and interest posting procedures, country coverage and reporting.

Several master trust banks improved their overall customer satisfaction ratings during the two years since the 1990 survey by making deliberate efforts to improve customer service, bank executives said.

Citibank jumped to 4.67 from 3.83 in 1990; NBD moved up to 4.67 from 4.1; Boston Safe increased to 4.5 from 4.16; and Bankers Trust Co., New York, moved to 4.32 from 4.06.

(In the 1990 survey, Manufacturers National Bank of Detroit — now part of Comerica Bank — was No. 1 in master trust overall satisfaction, followed by Mellon Bank, Pittsburgh and U.S. Trust. In the global custody area, Mellon ranked first in overall satisfaction, followed by Northern Trust Co., Chicago, and Chase Manhattan Bank, New York.)

This year, Citibank received the highest overall satisfaction rating in master trust from its client base in the area of personnel quality and knowledge, with a 5.0 rating. Following were Bank of America, Los Angeles, with 4.8; Marine Midland Bank, New York, and First Kentucky, both with 4.5; Boston Safe, 4.38; Bank of New York, 4.33; and Bankers Trust, 4.32.

Securities lending has evolved into an important role of master trust providers. As in other categories, several banks finished with very close overall satisfaction scores.

NBD topped the customer satisfaction rating for securities lending with 5.0. Harris Trust received 4.67; Boston Safe, Chase Manhattan and Bank of America, Los Angeles, all with 4.5; and Bank of New York, 4.25

In the area of reporting capabilities — including consistency in meeting deadlines, quality of reports, promptness in correcting errors and flexibility of reporting — NBD received the highest overall customer satisfaction rating with 4.67. Boston Safe received 4.625, while U.S. Trust and First Kentucky scored 4.5.

For systems capabilities, Boston Safe received an overall satisfaction rating of 4.75, followed by First Kentucky and Marshall & Ilsley Trust Co., Milwaukee, both with 4.5. Citibank had 4.33; Bankers Trust, 4.32.

The dramatic increase in overall customer satisfaction ratings at NBD came as a direct result of increased emphasis on quality and client relationships, said Clarence Kufel, first vice president and manager of master trust.

"We have focused more of our efforts on quality and how to meet the concerns of our clients by concentrating more on their individual, unique needs rather than

See **Services** *on page 34*

Sponsors' satisfaction with their master trustee banks*

	Average rating
Citibank	4.67
NBD Bank	4.67
First Kentucky Trust	4.50
U.S. Trust/New York	4.50
Boston Safe Deposit	4.33
Bankers Trust	4.32
Bank of New York	4.20
State Street Bank	4.16
Mellon Bank	4.15
First Trust	4.00
Marshall & Ilsley	4.00
Wachovia Bank	4.00
Chase Manhattan	3.92
Bank of America	3.76
Northern Trust	3.73
Chemical Bank	3.44
Harris Trust & Savings	3.43

*Excludes those receiving less than five votes.
Source: *Pensions & Investments*

JOHN J. BOHORQUEZ

Domestic market tightens

Banks pin hopes on 401(k) plans and global custody

By Sabine Schramm

The future for banks offering master trust and custody services, competing in a mature market with tightening profit margins, points to fewer and larger players.

The global market continues to grow, as large public funds enter the international arena. But the domestic market, with few new master trust accounts being established, is relatively finite.

Most new activity on the domestic side is with funds changing master trust banks and companies needing trustees when establishing defined contribution plans. Only on the global custody front is there an influx of assets, said Gregory di Pretoro, vice president at Chemical Bank, New York.

"Most entities are looking for worldwide exposure as a prudent way of spreading risk," Mr. di Pretoro said. He noted that when a large public fund moves into overseas investing, it forces growth in the area, even with a small allocation.

The domestic master trust/custody market "is somewhat saturated," said Michael Costa, principal at MLC Associates, Putnam Valley, N.Y. The firm specializes in trust and custody consulting. Since there is not a lot of new business, "switches are more important for gaining market share."

With the overall economic decline, banks are pushing hard in this area, Mr. Costa said.

In this year's survey of master trust, master custody and global custody banks by *Pensions & Investments*, State Street Bank and Trust Co., Boston, retained its ranking as the largest master trust/custody bank and the largest global custodian bank. State Street had $428.5 billion in master trust/custody assets for U.S. institutional tax-exempt assets as of June 30, and $44 billion in global custody assets for U.S. institutional tax-exempt clients.

Second in master trust and master custody was Bankers Trust Co., New York, with $338.9 billion. Bankers Trust was second last year as well.

Chase Manhattan Bank, New York, placed third domestically this year, with $233 billion. Chase changed places with Boston Safe Deposit and Trust Co. Chase was sixth last year, and Boston Safe was third. This year, Boston Safe dropped to sixth.

The Northern Trust Co., Chicago, with $227.3 billion, was fourth, moving down one notch. Fifth this year and last was The Bank of New York, with $206.8 billion as of June 30.

In global custody, Fiduciary Trust Co. International, New York, followed State Street Bank, with $35 billion. Next was Boston Safe, $22.1 billion; Chase, $21.2 billion; and Bankers Trust, $18 billion.

State Street was first in global custody last year as well, followed by Boston Safe, Chase, Northern Trust and Bankers Trust.

One feature of the past year has been the formation of giant trust companies through consolidations and acquisitions. And commodity-priced master trust/custody services have lowered profit margins, making economies of scale necessary in order to ensure a profit.

More consolidations and thinner profit margins are "the shape of things to come," said Jim Wahl, senior vice president, NationsBank, Charlotte, N.C. "By the end of the decade, I think there will only be a dozen or so true master trustees."

The most recent consolidation was the purchase of The Boston Co. and its subsidiary, Boston Saf, by Mellon Bank Corp. With a combined $373.8 billion in master trust/custody assets under administration, the new entity would place just behind State Street Bank, according to *P&I*'s survey.

Other large mergers include: NCNB and C&S/Sovran formed NationsBank; Security Pacific Bank merged with Bank of America; Manufacturers Hanover merged with Chemical Bank and Manufacturers Bank of Detroit merged with Comerica. The mergers did not greatly affect rankings by tax-exempt assets.

Stêve Appell, director of the U.S. marketing group for State Street Bank, agrees that for the major players, economies of scale are necessary to offer more attractive fee quotes.

State Street's successful competitive bid for the $68 billion California Public Employees' Retirement System's domestic and global custody business earlier this year prompted discussion on what might happen to the pricing of master trust/custody services. State Street bid half a basis point annually for a five-year contract (*Pensions & Investments*, April 13).

Mr. Appell pointed out this kind of bidding is not new to the business. He said fierce bidding often occurs at the corporate level, but the high profile of the California fund may have prompted more discussion.

MLC Associates' Mr. Costa believes pricing competition has been wonderful for clients and good for the industry by cutting fat. But fewer players means less competition, he said, adding, "we will see the beginning of the end of the price war."

Also, "plan sponsors are getting concerned about quality of service being impacted by the squeeze on prices," Mr. Appell said.

Pricing is very competitive, said Jeanne Hlavacek, investment consultant for Hewitt Associates, Lincolnshire, Ill. But she noted banks offer offer other services to clients that are more profitable than straight trust and custody. Mr. Appell cited such services as foreign exchange, performance

See **Market** *on page 36*

Master trust/custody banks ranked by U.S. tax-exempt assets

($ millions)

Firm	Total	Master trust	Master custody
State Street	428,508	169,288	259,220
Bankers Trust	338,900	226,200	112,700
Chase Manhattan	233,000	80,000	153,000
Northern Trust	227,278	135,056	92,222
Bank of New York	206,811	94,328	112,483
Boston Safe Deposit	190,725	60,625	130,100
Mellon Bank	183,086	141,217	41,869
Citibank	141,052	37,688	103,364
Harris Trust & Savings	88,323	55,711	32,612
NationsBank	83,700	66,000	17,700
Bank of America	81,000	24,000	57,000
Chemical Bank	54,200	20,200	34,000
Fiduciary Trust	48,570	570	48,000
Wachovia	44,190	34,344	9,846
NBD Bank	41,792	14,622	27,170
PNC Financial	38,118	3,418	34,700
Comerica	36,706	20,581	16,125
U.S. Trust/New York	36,300	24,300	12,000
First Interstate/Calif.	31,000	1,000	30,000
Boatmen's Trust	30,643	3,402	27,241
Continental Bank	24,258	16,526	7,732
Wilmington Trust	23,601	23,072	529
Society Corp.	19,724	5,579	14,145
CoreStates Bank	12,621	3,836	8,785
First Nat'l/Maryland	12,510	410	12,100
Norwest Bank	8,964	4,520	4,444
Montreal Trust/Canada	8,400	8,400	0
Firstar Trust	8,000	3,500	4,500
Riggs Nat'l	7,000	0	7,000
Security Trust	6,619	1,680	4,939
Bank of Boston	5,599	2,595	3,004
LaSalle Nat'l Trust	5,480	1,700	3,780
First Trust Nat'l	4,833	2,278	2,555
Fleet Investment Services	4,737	3,795	942
SunTrust Banks	4,612	3,476	1,136
Marine Midland	3,800	2,000	1,800
Marshall & Ilsley	3,700	1,700	2,000
Bank IV	3,475	796	2,679
First Tennessee Bank	2,964	267	2,697
First Nat'l/Chicago	1,799	955	844
BayBanks	1,644	473	1,171
Signet Trust	1,462	1,462	0
Bank of Oklahoma	1,304	1,253	51
Hibernia Nat'l	1,247	827	420
Union Bank and Trust	1,170	0	1,170
AmSouth Bank	368	281	87
Mercantile Bank-St. Louis	101	101	0
TOTAL	2,744,984	1,304,832	1,439,862

Source: *Pensions & Investments*

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MASTER

AmSouth Bank

P.O. Box 11426, Birmingham, Ala.
35202; (205) 326-4614

	($ millions)
Tax-exempt U.S. master trust assets	281
Tax-exempt U.S. master custody assets	87
Tax-exempt U.S. master trust clients	7
Tax-exempt U.S. master custody clients	1
Account supervisors	4

Reports available on-line:
  Monthly transaction
  Asset & liability

AmSouth Bank reported new, tax-exempt domestic master trust business of $5 million from one client in the year ended June 30 and new, tax-exempt domestic master custodial business of $60 million from one client.

The primary accounting method is accrual.

Services offered in the basic master trust/master custodial agreement are trustee/custody.

Plan accounting and performance are available for additional fees.

Record-keeping services offered include 401(k) services.

Fees for domestic services are based on market value and transactions.

The client contact is Phillip Anderson.

Bank of America

333 S. Grand Ave., Suite 1740, Los
Angeles, Calif. 90017; (213)
229-2924

	($ millions)
Tax-exempt U.S. master trust assets	24,000
Tax-exempt U.S. master custody assets	57,000
Tax-exempt U.S. master trust clients	597
Tax-exempt U.S. master custody clients	54
Account supervisors	135

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Bank of America reported new, tax-exempt domestic master trust business of $200 million from eight clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $5.284 billion from 31 clients.

The primary accounting method is trade date for trust accounts and cash for custody accounts. Settlement date, accrual, average cost, LIFO, FIFO, scientific, and amortization/accretion methods also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, trade settlement and clearing, unitized accounting and reporting, income collection and credit, automatic cash sweep, capital change notification, corporate action and proxy notification, cash management, on-line access, benefit payments and ERISA reporting.

Domestic and global securities lending, global custody, custom reports, performance measurement and analytics, electronic funds transfer, collective investment funds and investment management services, participant record-keeping, prototype plans, employee communications and enrollment packages are available for additional fees.

Record-keeping services offered include participant record-keeping for defined contribution plans.

Fees for domestic services are based on asset market value and unbundled transaction fees.

The client contact is Chris Alders.

Bank of Boston

Institutional and Master Trust, P.O.
Box 1882, Boston, Mass. 02105;
(617) 575-2000

	($ millions)
Tax-exempt U.S. master trust assets	2,595
Tax-exempt U.S. master custody assets	3,004
Tax-exempt U.S. master trust clients	40
Tax-exempt U.S. master custody clients	15
Account supervisors	6

Reports available on-line:
  Monthly transaction
  Asset & liability

Bank of Boston reported new, tax-exempt domestic master trust business of $293.1 million from two clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $70.5 million from one client.

The primary accounting method is trade date. Settlement date and cash basis also are offered.

Services offered in the basic master trust/master custodial agreement are asset safekeeping and settlement, income collection, corporate action processing, cash management, options and futures processing and accounting and reporting.

Global custody, benefit disbursements, securities lending, on-line access, plan accounting, endowment donor accounting, performance measurement, universe comparison and participant record-keeping are available for additional fees.

Fees for domestic services are based on market value, transactions and portfolio charges.

The client contact is Matthew M. Soldano.

Bank IV

P.O. Box 4, Wichita, Kan. 67201-0004;
(316) 261-4555

	($ millions)
Tax-exempt U.S. master trust assets	796
Tax-exempt U.S. master custody assets	2,679
Tax-exempt U.S. master trust clients	142
Tax-exempt U.S. master custody clients	31
Account supervisors	9

Reports available on-line:
  Monthly transaction
  Asset & liability

Bank IV's primary accounting method is trade date with accruals. Trade date without accruals, settlement date with accruals and settlement date without accruals also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, cash sweeps, individually designed statements and trusteeship.

Performance analysis and on-line direct access terminals are available for additional fees.

Fees for domestic services are based on number and type of assets, number of transactions and dollar value of assets.

The client contact is Roger A. Ramseyer.

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The global village is growing. Increasingly employees of businesses spend part, if not all, of their careers working in countries other than their home country. As a consequence, Employee Benefit managers now have to re-structure benefit schemes to accommodate their "third country national" employees. But where should these plans be established and who should provide the necessary services?

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For more information on The Bank of Bermuda, please contact Lily Outerbridge at The Bank of Bermuda Ltd., 6 Front St., P.O. Box 1020, Hamilton, Bermuda HM DX or call: 809-295-4000 ext. 3554.

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The Bank of New York

1 Wall Street, New York, N.Y. 10286;
(212) 495-1784

	($ millions)
Tax-exempt U.S. master trust assets	94,328
Tax-exempt U.S. master custody	112,483
Tax-exempt U.S. master trust clients	216
Tax-exempt U.S. master custody clients	92
Account supervisors	63

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

The Bank of New York reported new, tax-exempt domestic master trust business of $11.37 billion from 11 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $29.02 billion from eight clients.

The primary accounting method is trade and settlement date. Average cost, tax lot basis, amortized cost and liability also are offered.

Services offered in the basic master trust/master custodial agreement are global safekeeping, trust administration, multicurrency portfolio accounting and reporting, multiple STIFS, zero balance sweeps, on-line services, ERISA reporting and client training.

Benefit payments, plan accounting, performance measurement/analytics, consulting services, lending and customized STIFs are available for additional fees.

Record-keeping services offered include monthly, quarterly and annual portfolio accounting.

Fees for domestic services are based on market value of assets, transaction volume, portfolio structure and services required.

The master trust client contact is Howard Phillips; the master custody client contact is John Ehrmann.

Bank of Oklahoma

Bank of Oklahoma Tower, P.O. Box
2300, Tulsa, Okla. 74192; (918)
588-6503

	($ millions)
Tax-exempt U.S. master trust assets	1,253
Tax-exempt U.S. master custody assets	51
Tax-exempt U.S. master trust clients	43
Tax-exempt U.S. master custody clients	2
Account supervisors	3

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Bank of Oklahoma's primary accounting method is unitized master trust. Share accounting also is offered.

Services offered in the basic master trust/master custodial agreement are full custody service, portfolio pricing, proxy voting, reporting, fail float control and cash management.

Remote system access and performance measurement are available for additional fees.

Other record-keeping services offered include participant and pension payments.

Fees for domestic services are based on account and transaction fees with administrative risk premium based on the market value.

The client contact is Denise Williams.

Bankers Trust Co.

280 Park Ave., New York, N.Y. 10017;
(212) 454-2065

	($ millions)
Tax-exempt U.S. master trust assets	226,200
Tax-exempt U.S. master custody	112,700
Tax-exempt U.S. master trust clients	398
Tax-exempt U.S. master custody clients	128
Account supervisors	262

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Bankers Trust Co. reported new, tax-exempt domestic master trust business of $9.7 billion from 22 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $2.4 billion, from 16 clients.

The primary accounting method is full accrual contractual date accounting that maintains both trade and contractual settlement date positions. Tax lot accounting, FIFO, LIFO, high cost/low cost and recording inventory on an average cost basis also are offered.

Services offered in the basic master trust/master custodial agreement are securities safekeeping; full accrual accounting and reporting on a daily, weekly, monthly, or special cycle basis; plan accounting; income collection, including full tax reclamation; cash management; security trade processing; investment manager liaison; legal and regulatory updates; and full on-line access through PC-based workstations.

Domestic and international securities lending; global custody; performance measurement and analytics; customized graphics; benefit payments; proxy voting; investment management; actively managed STIF accounts; discount brokerage; investment consulting; dividend re-investment program; trade execution monitoring; defined contribution participant record-keeping; and participant education services are available for additional fees.

Record-keeping services offered include staffed dedicated participant service centers; on-line plan sponsor inquiry and transaction system; automated and customized participant voice response system; full loan administration including promissory note issuance; tax calculations; transfer and reallocations between funds; forfeiture processing; unit, share and cash accounting; daily, weekly, monthly, quarterly and annual valuations; and employee communications.

Fees for domestic services are based on the number of portfolios, transaction volumes and administration services provided.

The master trust client contact is Allan Martin; the master custody client contact is Bob Betz.

BayBank

7 New England Executive Park,
Burlington, Mass. 01803; (617)
229-4587

	($ millions)
Tax-exempt U.S. master trust assets	473
Tax-exempt U.S. master custody assets	1,171
Tax-exempt U.S. master trust clients	17
Tax-exempt U.S. master custody clients	21
Account supervisors	2

Reports available on-line:
- Monthly transaction
- Asset & liability

BayBank reported new, tax-exempt domestic master trust business of $35 million from two clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $137 million, from three clients.

The primary accounting method is accrual. Cash also is offered.

Services offered in the basic master trust/master custodial agreement are custody, capital actions, income collections and trade settlements.

Pension payment processing is available for additional fees.

Other record-keeping services offered include participant accounting for 401(k) and profit sharing plans.

Fees for domestic services are based on asset value.

The client contact is Eugene D. Mahoney.

Boatmen's Trust Co.

100 N. Broadway, St. Louis, Mo.
63102; (314) 466-3800

	($ millions)
Tax-exempt U.S. master trust assets	3,402
Tax-exempt U.S. master custody assets	27,241
Tax-exempt U.S. master trust clients	20
Tax-exempt U.S. master custody clients	96
Account supervisors	30

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Boatmen's Trust Co. reported new, tax-exempt domestic master trust business of $74 million from two clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.31 billion, from 14 clients.

The primary accounting method is settlement date. Trade date also is offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, settlement, transaction processing, unitized valuations, consolidated reporting, basic performance measurement and cash management.

Securities lending, on-line reporting, advanced performance measurement, benefit disbursements and enhanced cash management are available for additional fees.

Other record-keeping services offered include defined contribution participant record-keeping, loan administration, DOL reporting, general ledger reporting, discrimination testing and IRS 5500 preparation.

Fees for domestic services are based on specific services provided.

The client contact is Richard W. Hibbs.

Pensions & Investments' Oct. 26 special report will focus on investing in emerging markets.

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Hong Kong 852-840-5300
Sydney 61-2-963-8411
Wellington 64-4-499-3898

State Street

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Asset & liability
Performance measurement

CoreStates Bank reported new, tax-exempt domestic master trust business of $150 million from two clients in the year ended June 30.

The primary accounting method is full accrual and trade date accounting. Settlement date accounting also is offered.

Services offered in the basic master trust/master custodial agreement are asset administration, cash basis accounting and accrual accounting.

Performance measurement, performance comparison, client terminal, securities lending, index fund management, fixed-income and equity management, global custody, corporate actions automated notification and processing, private placement processing and TMS report writing are available for additional fees.

Other record-keeping services offered include participant record-keeping for defined contribution plans, pension payroll and proxy voting.

Fees for domestic services are based on assets and transactions.

The master trust client contact is Marietta Castellano; the master custody client contact is Sheila Kavanagh.

Directory of investment management consultants: Dec. 7.

Fiduciary Trust Co. International

2 World Trade Center, New York, N.Y.
10048; (212) 466-4100

	($ millions)
Tax-exempt U.S. master trust assets	570
Tax-exempt U.S. master custody assets	48,000
Tax-exempt U.S. master trust clients	160
Tax-exempt U.S. master custody clients	2,000
Account supervisors	15

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Fiduciary Trust Co. International reported new, tax-exempt domestic master trust business of $100 million from one client in the year ended June 30 and new, tax-exempt domestic master custodial business of $1 billion from four clients.

The primary accounting method is cash basis. Accrual basis also is offered.

Services offered in the basic master trust/master custodial agreement are custody safekeeping, accounting and reporting of assets, and access to various on-line systems.

Investment analytics, pension payment systems and customized reports are available for additional fees.

Other record-keeping services offered include tax reporting and pension payment systems.

Fees are based on per issue for domestic and market value for international.

The client contact is John Laut.

First Interstate Bank

707 Wilshire Blvd., Los Angeles, Calif.
90017; (213) 614-2291

	($ millions)
Tax-exempt U.S. master trust assets	1,000
Tax-exempt U.S. master custody assets	30,000
Tax-exempt U.S. master trust clients	105
Tax-exempt U.S. master custody clients	50
Account supervisors	32

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

First Interstate Bank reported new, tax-exempt domestic master trust business of $20.5 billion from 20 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $7 billion from eight clients.

The primary accounting method is settlement date. Trade date, tax lot, unitized accounting also are offered.

Services offered in the basic master trust/master custodial agreement are securities settlement, income collection, investment of idle cash, safekeeping of assets, receipt of funds and disbursements.

On-line real-time access, customized reporting, performance measurement, securities processing, portfolio lending and global custody are available for additional fees.

Fees for domestic services are based on market value and transactions.

The master trust client contact is Amru Khan; the master custody client contact is Roger Facklam.

The First National Bank of Chicago

1 First National Plaza, Suite 0448,
Chicago, Ill. 60670-0448; (312)
732-8130

	($ millions)
Tax-exempt U.S. master trust assets	955
Tax-exempt U.S. master custody assets	844
Tax-exempt U.S. master trust clients	12
Tax-exempt U.S. master custody clients	5
Account supervisors	4

Reports available on-line:
Monthly transaction

The First National Bank of Chicago reported new, tax-exempt domestic master custodial business $130 million from one client in the year ended June 30.

The primary accounting method is cash and settlement date. Full accrual and trade date also are offered.

Services offered in the basic master trust/master custodial agreement are custody and securities processing, automated cash management, accounting reports, Form 5000 worksheets and benefit disbursements.

On-line input, inquiry and download, performance measurement, plan allocation reports and magnetic media output are available for additional fees.

Fees for domestic services are based on market value, activity and services provided.

The client contact is Marcia L. Wallace.

The First National Bank of Maryland

25 S. Charles St., Baltimore, Md.
21201; (410) 244-4542

	($ millions)
Tax-exempt U.S. master trust assets	410
Tax-exempt U.S. master custody assets	12,100
Tax-exempt U.S. master trust clients	13
Tax-exempt U.S. master custody clients	8
Account supervisors	23

Reports available on-line:
Monthly transaction
Asset & liability

The First National Bank of Maryland reported new, tax-exempt domestic master custodial business of $600 million from three clients in the year ended June 30.

The primary accounting method is cash or accrual. Settlement date or trade date also are offered.

Services offered in the basic master trust/master custodial agreement are security safekeeping, income collection, cash sweep, monthly reporting, plan accounting and on-line access.

Pension payment, performance measurement, unit accounting and security lending are available for additional fees.

Other record-keeping services offered include participant record-keeping.

Fees are a flat price or based on market value plus activity.

The client contact is Joseph Baker.

First Tennessee Bank

P.O. Box 84, Memphis, Tenn. 38101;
(901) 681-2404

	($ millions)
Tax-exempt U.S. master trust assets	267
Tax-exempt U.S. master custody assets	2,697
Tax-exempt U.S. master trust clients	9
Tax-exempt U.S. master custody clients	10
Account supervisors	3

Reports available on-line:
Monthly transaction
Performance measurement

First Tennessee Bank reported new, tax-exempt domestic master trust business of $21 million from two clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $523 million from three clients.

The primary accounting method is settlement date with accrual. Trade date also is offered.

Services offered in the basic master trust/master

Global custodians ranked by tax-exempt assets

Firm	Global custody ($ millions)
State Street Bank	43,400
Fiduciary Trust	35,000
Boston Safe Deposit	22,059
Chase Manhattan	21,200
Bankers Trust	18,000
Northern Trust	16,524
Mellon Bank	9,780
Chemical Bank	8,000
J.P. Morgan	7,400
Morgan Stanley-Global	5,603
Bank of America	5,100
Bank of New York	4,740
Harris Trust	4,100
First Nat'l/Chicago	3,500
Citibank	2,000
PNC Financial	1,700
Brown Brothers Harriman	1,500
Bank of Boston	1,203
NBD Bank	700
Barclays Bank	620
NationsBank	510
U.S. Trust/New York	479
Boatmen's Trust	415
First Trust	400
Continental Bank	400
Goldman Sachs	385
Comerica	327
First Interstate/Calif	320
Wachovia	270
Norwest Bank	270
SunTrust Banks	165
LaSalle Nat'l	90
TOTAL	216,166

Source: *Pensions & Investments* JOHN J. BOHORQUEZ

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custodial agreement are asset custody and safekeeping, collection of interests and dividends, corporate reorganization activity, trade settlements, proxy voting passthrough and brokerage commission reporting.

TUCS reporting, loan and insurance administration, benefit payments and tax reporting are available for additional fees.

Other record-keeping services offered include participant record-keeping.

Fees for domestic services are based on assets and services rendered.

The client contact is Deborah McDonald.

First Trust National Association

180 E. Fifth St., St. Paul, Minn. 55101;
(612) 223-7559

	($ millions)
Tax-exempt U.S. master trust assets	2,278
Tax-exempt U.S. master custody assets	2,555
Tax-exempt U.S. master trust clients	19
Tax-exempt U.S. master custody clients	11
Account supervisors	8

Reports available on-line:
Monthly transaction
Asset & liability

First Trust National Association's primary accounting method is settlement date. Trade date also is offered.

Services offered in the basic master trust/master custodial agreement are cash management, income and principal collection, corporate actions, custody, deposit/delivery, dividend reinvestment, gifting, pledging, pricing, problem resolution, proxies, reporting, re-registration, signature guarantee, trade reporting and settlement.

Dial up/download, manual cash management, securities lending, tax services and trade date accounting are available for additional fees.

Fees are based on market value, transactions and safekeeping.

The client contact is Mike Eidem.

Firstar Trust Co.

P.O. Box 2054, Milwaukee, Wis.
53201-2054; (414) 765-4906

	($ millions)
Tax-exempt U.S. master trust assets	3,500
Tax-exempt U.S. master custody assets	4,500
Tax-exempt U.S. master trust clients	35
Tax-exempt U.S. master custody clients	7
Account supervisors	4

Reports available on-line:
Monthly transaction
Asset & liability

Firstar Trust Co., formerly First Wisconsin Trust Co., reported new, domestic master custodial business of $21 million from one client in the year ended June 30.

The primary accounting method is fully accrued trade date adjusted. Cash accounting also is offered.

Services offered in the basic master trust/master custodial agreement are asset custody, settlement accounting and reporting and cash management.

Plan accounting, securities lending, on-line access, performance measurement and TUCS are available for additional fees.

Fees are based on assets, transactions, and specific services.

The client contact is Robert J. Aubrecht.

Fleet Investment Services

100 Westminster St., Providence, R.I.
02903; (401) 278-3318

	($ millions)
Tax-exempt U.S. master trust assets	3,795
Tax-exempt U.S. master custody assets	942
Tax-exempt U.S. master trust clients	78
Tax-exempt U.S. master custody clients	22
Account supervisors	19

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Fleet Investment Services reported new, tax-exempt domestic master trust business of $504 million from six clients in the year ended June 30.

The primary accounting method is cash.

Fees are based on assets, transactions and a base fees.

The client contact is Marshall Raucci Jr.

Harris Trust and Savings Bank

111 W. Monroe St., Chicago, Ill.
60603; (312) 461-7637

	($ millions)
Tax-exempt U.S. master trust assets	55,711
Tax-exempt U.S. master custody assets	32,612
Tax-exempt U.S. master trust clients	94
Tax-exempt U.S. master custody clients	12
Account supervisors	33

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Harris Trust and Savings Bank reported new, tax-exempt domestic master trust business of $857 million from 14 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $4.015 billion from two clients.

The primary accounting method is accrual/trade date. Cash/settlement-date also is offered.

Services offered in the basic master trust/master custodial agreement are custody, safekeeping, financial accounting and reporting, trade clearance and settlement, income collections, corporate actions processing, proxy reporting and processing, cash sweep and investment.

Record-keeping, securities lending, on-line access, global custody, benefits payments, performance measurement, universe comparison, investment consulting, custom cash management and systematic investment management are available for additional fees.

Fees are based on the number of investment managers, total market value of the plan, transaction volume and ancillary services.

The master trust client contact is Nancy B. Wolcott; the master custody client contact is George H. Walper Jr.

Hibernia National Bank

Trust Group — P.O. Box 61540, New
Orleans, La. 70161; (504) 586-5531

	($ millions)
Tax-exempt U.S. master trust assets	827
Tax-exempt U.S. master custody	420
Tax-exempt U.S. master trust clients	9
Tax-exempt U.S. master custody clients	12
Account supervisors	19

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Hibernia National Bank's primary accounting method is full accrual trade date reporting. Cash basis also is offered.

Services offered in the basic master trust/master custodial agreement are custody, collection of income, disbursement, securities settlement, capital changes to assets, maturities, cash management, reports, performance measurement and acceptance of fiduciary responsibilities.

Fees are based on fair market value.

The client contact is Ben R. Byers.

LaSalle National Trust

135 S. LaSalle St., Chicago, Ill. 60603;
(312) 443-2300

	($ millions)
Tax-exempt U.S. master trust assets	1,700
Tax-exempt U.S. master custody assets	3,780
Tax-exempt U.S. master trust clients	8
Tax-exempt U.S. master custody clients	500
Account supervisors	14

Reports available on-line:
Monthly transaction
Asset & liability

LaSalle National Trust reported new, tax-exempt domestic master trust business of $100 million from one client in the year ended June 30 and new, tax-exempt domestic master custodial business of $500 million from 75 clients.

The primary accounting method is daily cash and security balancing. Accrual also is offered.

Services offered in the basic master trust/master custodial agreement are account statements, securities safekeeping, assistance in ERISA reporting requests, automatic or sweep cash management, benefit disbursement, electronic delivery and telephone access.

Participant record-keeping, loan payment, global custody and market inventory/index funds are available for additional fees.

Other record-keeping services offered include participant record-keeping and loan payment.

Fees comprise a base charge plus a percentage of the assets.

The client contact is Robert Meiresonne.

Marine Midland Bank

250 Park Ave., New York, N.Y. 10177;
(212) 503-2724

	($ millions)
Tax-exempt U.S. master trust assets	2,000
Tax-exempt U.S. master custody assets	1,800
Tax-exempt U.S. master trust clients	40
Tax-exempt U.S. master custody clients	9
Account supervisors	10

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Marine Midland Bank reported new, tax-exempt domestic master trust business of $200 million from four clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $800 million from three clients.

The primary accounting method is trade date. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are pension and investment services.

Performance measurement, benefit payments, securities lending and investment management are available for additional fees.

Other record-keeping services offered include participant record-keeping for defined contribution plans.

Fees are based on account complexity.

The client contact is Moira Patterson.

Marshall & Ilsley Trust Co.

770 N. Water St., Milwaukee, Wis.
53202; (414) 287-7187

	($ millions)
Tax-exempt U.S. master trust assets	1,700
Tax-exempt U.S. master custody assets	2,000
Tax-exempt U.S. master trust clients	47
Tax-exempt U.S. master custody clients	8
Account supervisors	8

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Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Marshall & Ilsley Trust Co. reported new, tax-exempt domestic master trust business of $280 million from one client in the year ended June 30.

The primary accounting method is accrual.

Services offered in the basic master trust/master custodial agreement are performance measurement, ERISA disclosures, benefit disbursements, investment management and participant record-keeping.

On-line access and data downloading are available for additional fees.

Fees for domestic services are based on asset value and individual services.

The client contact is Morry L. Birnbaum.

Mellon Bank

1 Mellon Bank Center, Suite 3325,
Pittsburgh, Pa. 15258-0001; (412)
234-1336

	($ millions)
Tax-exempt U.S. master trust assets	141,217
Tax-exempt U.S. master custody assets	41,869
Tax-exempt U.S. master trust clients	178
Tax-exempt U.S. master custody clients	55
Account supervisors	57

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Mellon Bank reported new, tax-exempt domestic master trust business of $11.883 billion from 18 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $19.444 billion from 14 clients.

Mellon and Boston Safe Deposit will merge their master trust and custody operations following Mellon's acquisition of The Boston Co. in September 1992.

The primary accounting method is trade date fully accrued and multicurrency accounting. Cash accounting also is offered.

Services offered in the basic master trust/master custodial agreement are conversion administration, automated cash sweep, cash management, and accounting and reporting.

Security lending, global custody, participant record-keeping, benefit disbursement, performance measurement and on-line services are available for additional fees.

Other record-keeping services offered include daily evaluation record-keeping.

Fees for domestic services are based on a base charge plus asset and transaction charges.

The client contact is Timothy F. Keaney.

Mercantile Bank of St. Louis

P.O. Box 387, St. Louis, Mo. 63166;
(314) 425-2628

	($ millions)
Tax-exempt U.S. master trust assets	101
Tax-exempt U.S. master trust clients	2
Account supervisors	3

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Mercantile Bank of St. Louis reported new, tax-exempt domestic master trust business of $25 million from one client in the year ended June 30.

The primary accounting method is cash. EBR income and accrual also are offered.

Services offered in the basic master trust/master custodial agreement are trade processing, safekeeping, income collection, daily cash management and reporting.

Securities lending, benefit distributions, record-keeping services and loans are available for additional fees.

Other record-keeping services offered include full service for defined contribution plans.

Fees are based on a base fee plus asset and transaction fees.

The client contact is James Morris.

Montreal Trust Co. of Canada

15 King St. W., Toronto, Ontario M5H
1B4; (416) 860-5555

	($ millions)
Tax-exempt U.S. master trust assets	8,400
Tax-exempt U.S. master trust clients	84
Account supervisors	10

Reports available on-line:
  Monthly transaction
  Asset & liability

Montreal Trust Co. of Canada's primary accounting method is contractual settlement date.

Services offered in the basic master trust/master custodial agreement are trustee/custodian safekeeping, maintenance of accounting records, production of accounting statements, asset valuation and other administrative services.

Transaction/activity, additional participants, unitization, investment portfolio, accounts participating on a segregated basis, mortgage administration, audit letters, strip coupons, benefit payments, dial-up systems, government reports and customized reports are available for additional fees.

Fees are based on average book value.

The client contact is Ray LaForce.

NationsBank

1 NationsBank Plaza, T10-10,
Charlotte, N.C. 28255; (704)
386-2891

	($ millions)
Tax-exempt U.S. master trust assets	66,980
Tax-exempt U.S. master custody assets	17,700
Tax-exempt U.S. master trust clients	107
Tax-exempt U.S. master custody clients	29
Account supervisors	16

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

NationsBank reported new, tax-exempt domestic master trust business of $1.9 billion from three clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.9 billion, from three clients.

The primary accounting methods are trade date, cash basis and full accrual.

Services offered in the basic master trust/master custodial agreement are accounting and reporting, cash management and securities processing, benefit payments, securities lending, global custody and performance measurement.

Investment management, consulting services, expanded performance measurement and analytics, portfolio diagnostics, specialized asset management, GIC wholesale service and comprehensive mutual fund valuation are available for additional fees.

Fees for domestic services are based on market value and transactions.

The client contact is Jim Wahl.

NBD Bank

611 Woodward Ave., Detroit, Mich.
48226; (313) 225-2600

	($ millions)
Tax-exempt U.S. master trust assets	14,622
Tax-exempt U.S. master custody assets	27,170
Tax-exempt U.S. master trust clients	147
Tax-exempt U.S. master custody clients	102
Account supervisors	13

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

NBD Bank reported new, tax-exempt domestic master trust business of $975 million from nine clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $1.366 billion from six clients.

The primary accounting methods are trade date and settlement date for securities with pending trades and income accrual schedules.

Services offered in the basic master trust/master custodial agreement are custody, benefit disbursements, cash management, performance measurement, portfolio review, domestic and global securities lending, global custody, on-line downloading and on-line inquiry.

Participant record-keeping and investment management are available for additional fees.

Other record-keeping services offered include mutual fund shareholder accounting and 401(k) participant record-keeping.

Fees are based on asset value and transactional analysis.

The client contact is John K. Broman.

The Northern Trust Co.

50 S. LaSalle, Chicago, Ill. 60675;
(312) 630-6000

	($ millions)
Tax-exempt U.S. master trust assets	135,056
Tax-exempt U.S. master custody assets	92,222
Tax-exempt U.S. master trust clients	244
Tax-exempt U.S. master custody clients	133
Account supervisors	74

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

The Northern Trust Co. reported new, tax-exempt domestic master trust business of $14.27 billion from 12 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $15.35 billion from 31 clients.

The primary accounting methods are settlement date, fully accrued and average cost. Trade date, cash basis, tax lot, FIFO, LIFO and high cost also are offered.

Services offered in the basic master trust/master custodial agreement are custody of assets; daily pricing; trade settlement; income collection and capital structures changes; and standard reporting.

Global custody, securities lending, electronic delivery, on-line reporting, performance measurement and analysis, benefit payments, plan accounting, cash management and investment services are available for additional fees.

Fees are based on market value and transactions.

The client contact is Jennifer K. Tretheway.

Norwest Bank Minnesota

Sixth & Marquette, Minneapolis, Minn.
55479-0047; (612) 667-1234

	($ millions)
Tax-exempt U.S. master trust assets	4,520
Tax-exempt U.S. master custody assets	4,444
Tax-exempt U.S. master trust clients	25
Tax-exempt U.S. master custody clients	40
Account supervisors	21

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Norwest Bank Minnesota reported new, tax-ex-

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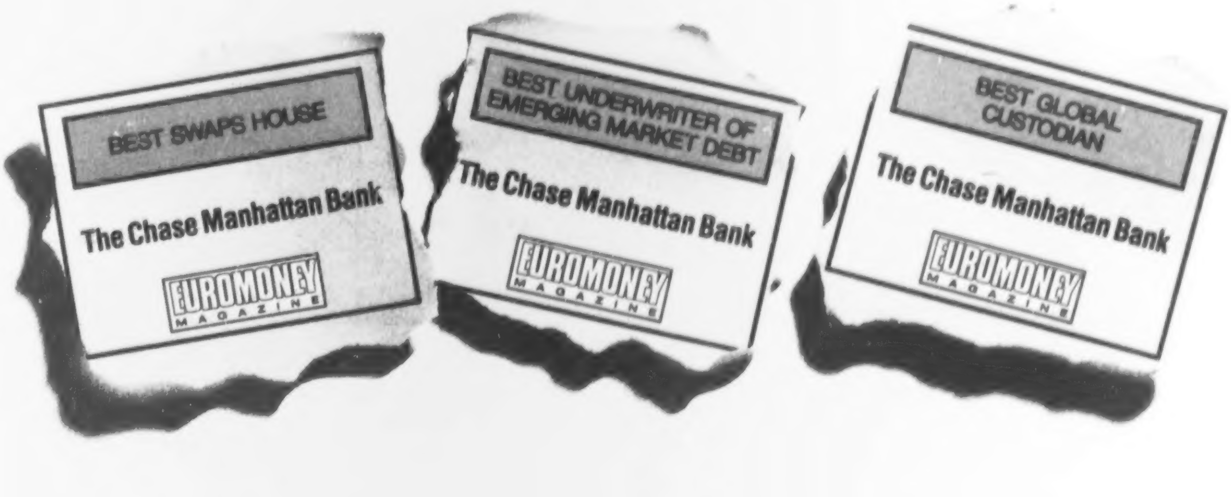

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101 Federal Street, Boston, MA 02110-1800

empt domestic master trust business of $300 million from five clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $2.57 billion from four clients.

The primary accounting method is average cost. FIFO, LIFO, high cost and low cost also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, transaction processing, trust and plan accounting and reporting and cash management.

Global custody and reporting, performance measurement and analytics, securities lending, on-line workstation, benefit payments and asset allocation modeling are available for additional fees.

Other record-keeping services offered include tax lot accounting, mutual fund and participant record-keeping services.

Fees are based on asset size, and number and type of holdings, transactions and investment accounts.

The client contact is Steven L. Greenstein.

PNC Financial Corp. Institutional Services

200 Stevens Drive, Lester, Pa. 19113;
(215) 521-7876

	($ millions)
Tax-exempt U.S. master trust assets	3,418
Tax-exempt U.S. master custody assets	34,700
Tax-exempt U.S. master trust clients	84
Tax-exempt U.S. master custody clients	17
Account supervisors	6

Reports available on-line:
Monthly transaction
Asset & liability

PNC Financial Corp. Institutional Services reported new, tax-exempt domestic master trust business of $300 million from 12 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $34.25 billion from two clients.

The primary accounting method is settlement date accounting. Trade date accounting, settlement date YTD and trade date YTD also are offered.

Services offered in the basic master trust/master custodial agreement are security settlement, income payments, reorganization/capital change processing, cash management, consolidated statements, on-line access and date file transmissions.

Full voting and reporting of proxies, performance measurement and securities lending are available for additional fees.

Other record-keeping services offered include vented interest participant record-keeping and full plan accounting.

Fees are based on assets and transactions.

The client contact is John T. Foster.

The Riggs National Bank of Washington D.C.

808 17th St. N.W., Washington, D.C.
20074-0315; (202) 835-6883

	($ millions)
Tax-exempt U.S. master custody assets	7,000
Tax-exempt U.S. master custody clients	150
Account supervisors	6

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

The Riggs National Bank of Washington D.C.'s primary accounting method is cash. Accrual also is offered.

Services offered in the basic master trust/master custodial agreement are custody, record-keeping, income collection, trade settlement, cash management and securities lending.

Performance measurement is available for additional fees.

Fees are based on a combination of transaction fees, base fee and/or a basis point fee.

The client contact is Albert L. Behar.

Security Trust Co.

1501 Pennsylvania Ave. N.W.,
Washington, D.C. 20013; (202)
624-4158

	($ millions)
Tax-exempt U.S. master trust assets	1,680
Tax-exempt U.S. master custody assets	4,939
Tax-exempt U.S. master trust clients	32
Tax-exempt U.S. master custody clients	29
Account supervisors	22

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Security Trust Co. reported new, tax-exempt domestic master trust business of $239 million from two clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $125 million from one client.

The primary accounting method is settlement date. Accrual/trade date also is offered.

Services offered in the basic master trust/master custodial agreement are record-keeping, trusteeship, securities safekeeping and settlement, investment management, cash management, monthly asset and transaction reporting and 5500 reporting format.

Consulting, plan documentation services, employee communications program, administrative procedure review, performance measurement, special report formats and benefits payments are available for additional fees.

Other record-keeping services offered include participant record-keeping.

Fees are based on market value and transaction charges.

The master trust client contact is Lisa W. MacInnes; the master custody client contacts are Kathy A. Jackson and Judy K. McCoy.

Signet Trust Co.

7 N. Eighth St., Richmond, Va. 23219;
(804) 771-7658

	($ millions)
Tax-exempt U.S. master trust assets	1,462
Tax-exempt U.S. master trust clients	15
Account supervisors	3

Reports available on-line:
Monthly transaction
Asset & liability

Signet Trust Co.'s primary accounting method is settlement date. Trade date also is offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, trade settlement, cash sweep, short-term investments, securities lending, global capability, income collection, reporting, and performance reporting.

On-line access is available for additional fees.

Other record-keeping services offered include defined contribution participant record-keeping.

Fees are based on market value and number of transactions.

The client contact is Deitra Mitchell.

Investment management consultant profiles: Nov. 9.

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	($ millions)
Tax-exempt U.S. master trust assets	5,579
Tax-exempt U.S. master custody assets	14,145
Tax-exempt U.S. master trust clients	50
Tax-exempt U.S. master custody clients	33
Account supervisors	22

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Society Corp. reported new, tax-exempt domestic master trust business of $499 million from five clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $682 million, from four clients.

The primary accounting method is trade date. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are benefit payments, cash management, global custody, on-line inquiry, performance analytics, performance measurement, securities lending and standard reporting.

Other record-keeping services offered include 401(k), profit-sharing, ESOP, thrift and savings plans services.

Fees for domestic services are based on market value at quarter end plus transactions for the quarter.

The client contact is Timothy J. Connors.

State Street Bank and Trust
P.O. Box 1992, Boston, Mass.
02105-1992; (617) 985-2511

	($ millions)
Tax-exempt U.S. master trust assets	169,288
Tax-exempt U.S. master custody	259,220
Tax-exempt U.S. master trust clients	230
Tax-exempt U.S. master custody clients	131
Account supervisors	105

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

State Street Bank and Trust Co. reported new, tax-exempt domestic master trust business of $5.9 billion from 17 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $62.1 billion from 10 clients.

The primary accounting method is trade date, full accrual. Tax lot, LIFO, and FIFO also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, full accrual accounting and reporting, trade settlement, cash management, income collection, proxy monitoring, corporate action monitoring, daily/weekly/monthly valuation, fiduciary control, on-line access, plan accounting, investment manager liaison and multicurrency attribution reports.

Global custody, domestic and international securities lending, performance measurement and analytics, domestic and international index funds, benefit payments, dividend re-investment, participant record-keeping and global asset allocation are available for additional fees.

Other record-keeping services offered include participant record-keeping, plan accounting, mutual fund accounting and insurance reporting.

Fees for domestic services are based on asset value, transaction and per portfolio charges.

The client contact is Frank D. Antin.

SunTrust Banks Inc.
25 Park Place NE, Atlanta, Ga. 30303;
(404) 588-8636

	($ millions)
Tax-exempt U.S. master trust assets	3,476
Tax-exempt U.S. master custody assets	1,136
Tax-exempt U.S. master trust clients	25
Tax-exempt U.S. master custody clients	10
Account supervisors	3

Reports available on-line:
  Monthly transaction
  Asset & liability

SunTrust Banks Inc. reported new, tax-exempt domestic master trust business of $57 million from two clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $65 million from one client.

The primary accounting method is trade date income accrual. Cash, tax lot, settlement date, and book value also are offered.

Services offered in the basic master trust/master custodial agreement are basic trustee/custodial services.

Global custody, performance measurement and securities lending are available for additional fees.

Other record-keeping services offered include participant record-keeping and unitized trust accounting for endowments and foundations.

Fees are based on market value.

The client contact is James F. Winters III.

Union Bank and Trust Co.
312 Central Ave., Minneapolis, Minn.
55414; (612) 379-3222

	($ millions)
Tax-exempt U.S. master custody assets	1,170
Account supervisors	23

Reports available on-line:
  Monthly transaction
  Asset & liability

Union Bank and Trust Co. reported new, tax-exempt domestic master custodial business of $110 million from three clients in the year ended June 30.

The primary accounting method is cash. Accrual also is offered.

Services offered in the basic master trust/master custodial agreement are record-keeping, administration, custody, and trusteeship.

Other record-keeping services offered include participant accounting, 5500 preparation and withholding.

Fees are based on a percentage of assets.

The client contact is Joseph E. Johnson.

U.S. Trust Co. of New York
114 W. 47th St., New York, N.Y.
10036-1532; (212) 852-1956

	($ millions)
Tax-exempt U.S. master trust assets	24,300
Tax-exempt U.S. master custody assets	12,000
Tax-exempt U.S. master trust clients	130
Tax-exempt U.S. master custody clients	64
Account supervisors	33

Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

U.S. Trust Co. of New York reported new, tax-exempt domestic master trust business of $5.9 billion from 32 clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $6.26 billion from 11 clients.

The primary accounting methods are trade date, contractual settlement and actual settlement, each with or without full accruals. Accounting on low, high, FIFO, LIFO, average cost, tax lot, amortiza-

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MASTER TRUST/GLOBAL CUSTODY

tion, accretion, full liability, and daily net asset value determination also is offered.

Services offered in the basic master trust/master custodial agreement are safekeeping; full monthly and annual accounting; on-line access; cash projection; form 5500; options and futures accounting; legal and regulatory reporting; cash management; STIF sweep; corporate actions; daily portfolio valuation; capital changes, redemptions and maturities; DTC, FRB and participant trust interfaces; wire transfers; proxy notification; income collection; trade settlement; plan allocation; dividend re-investment; and full investment manager services.

Securities lending; investment analytics; global custody; benefit payments; passive, structured and active management; record-keeping; flexible short-term money management; customized reporting and graphics; trade execution monitoring; CPU-to-CPU interface and work station capabilities; performance measurement; universe comparison; commission recapture; deferred gift giving; proxy monitoring and systems interfaces are available for additional fees.

Other record-keeping services offered include full participant record-keeping for 401(k) and other profit-sharing plans; full options and futures accounting; mutual funds record-keeping; and daily pricing and processing of contribution and redemptions.

Fees are based on transaction volumes, market value and services used.

The client contact is Robert E. Furst.

Wachovia Corp.

301 N. Main St., Winston-Salem, N.C.
27150; (919) 770-6348

	($ millions)
Tax-exempt U.S. master trust assets	34,344
Tax-exempt U.S. master custody assets	9,846
Tax-exempt U.S. master trust clients	89
Tax-exempt U.S. master custody clients	42
Account supervisors	36

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Wachovia Corp. reported new, tax-exempt domestic master trust business of $651 million from six clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $307 million from three clients.

The primary accounting method is full accrual trade date adjusted. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are custody of assets, benefit payments, ERISA reporting, cash management, fail float analysis, monthly reporting, plan accounting, on-line inquiry, legal administrative guidance, administration and daily pricing.

Securities lending, global custody, asset allocation, options and futures processing, participant record-keeping, performance measurement, portfolio analysis and comparative performance, customized reporting, trade execution reporting, equity index fund, GIC fund, cash management, proxy voting and monitoring, flexible reporting, timberland fund, charitable unitized accounting, private foundation, and tax preparation and deferred gift administration are available for additional fees.

Other record-keeping services offered include participant record-keeping for defined contribution plans and master trust plan accounting.

Fees are based on market value and transaction charges.

The master trust client contact is Jane B. Fisher; the master custody client contact is David C. Taylor.

Wilmington Trust Co.

Rodney Square North, 1100 N. Market
St., Wilmington, Del. 19890; (302)
651-1000

	($ millions)
Tax-exempt U.S. master trust assets	23,072
Tax-exempt U.S. master custody assets	529
Tax-exempt U.S. master trust clients	20
Tax-exempt U.S. master custody clients	6
Account supervisors	6

Reports available on-line:
Monthly transaction
Asset & liability

Wilmington Trust Co. reported new, tax-exempt domestic master trust business of $401 million from eight clients in the year ended June 30 and new, tax-exempt domestic master custodial business of $110 million from one client.

The primary accounting method is trade date, fully accrued. Contractual settlement date and cash accounting also are offered.

Services offered in the basic master trust/master custodial agreement are custody, participant record-keeping, cash management, master trust reporting, options and futures processing and performance measurement.

Investment and analytic services, on-line access, securities lending, global custody, and pension disbursement are available for additional fees.

Other record-keeping services offered include full record-keeping for defined contribution plans.

Fees are based on asset vale and transaction charges.

The client contact is Barbara A. Uberti.

GLOBAL

Bank of America

555 California St., Second Floor, San
Francisco, Calif. 94104; (415)
622-1993

	($ millions)
Total global custody assets	31,000
U.S. tax-exempt	5,100
U.S. taxable	4,600
Account supervisors	20

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Bank of America's global custody network services seven countries; another 25 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees are based on asset value, transaction charges and client reporting requirements. The bank can provide a fixed fee or a per-product price based on a service plan.

Record-keeping services include multicurrency accounting and reporting, foreign exchange, accounting for non-U.S based funds with offshore investments, securities lending reporting, cash management and on-line portfolio reporting.

The client contact is Robert Darmanin.

Bank of Boston

Worldwide Custody Services, 150
Royall St., Canton, Mass. 02021;
(617) 575-2083

	($ millions)
Total global custody assets	2,817
U.S. tax-exempt	1,203
U.S. taxable	1,614
Account supervisors	8

Reports available on-line:
Monthly transaction

Bank of Boston's global custody network services 37 countries; 35 are serviced by a subcustodian.

The bank assists clients with foreign tax withholding in all countries where tax reclaims are permitted under local law.

Fees are calculated by country based on assets and transactions.

The client contact is Matthew M. Soldano.

The Bank of New York

1 Wall St., New York, N.Y. 10286;
(212) 495-1784

	($ millions)
Total global custody assets	39,500
U.S. tax-exempt	4,740
U.S. taxable	34,760
Account supervisors	89

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Bank of New York's global custody network services 41 countries, of which 39 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees are based on asset market value, transaction, portfolio structures and services required.

Record-keeping services include multicurrency portfolio accounting.

The client contacts are Curtis Yamaoka, Janet Zaloom, Richard Crampton and Fred Ricciardi.

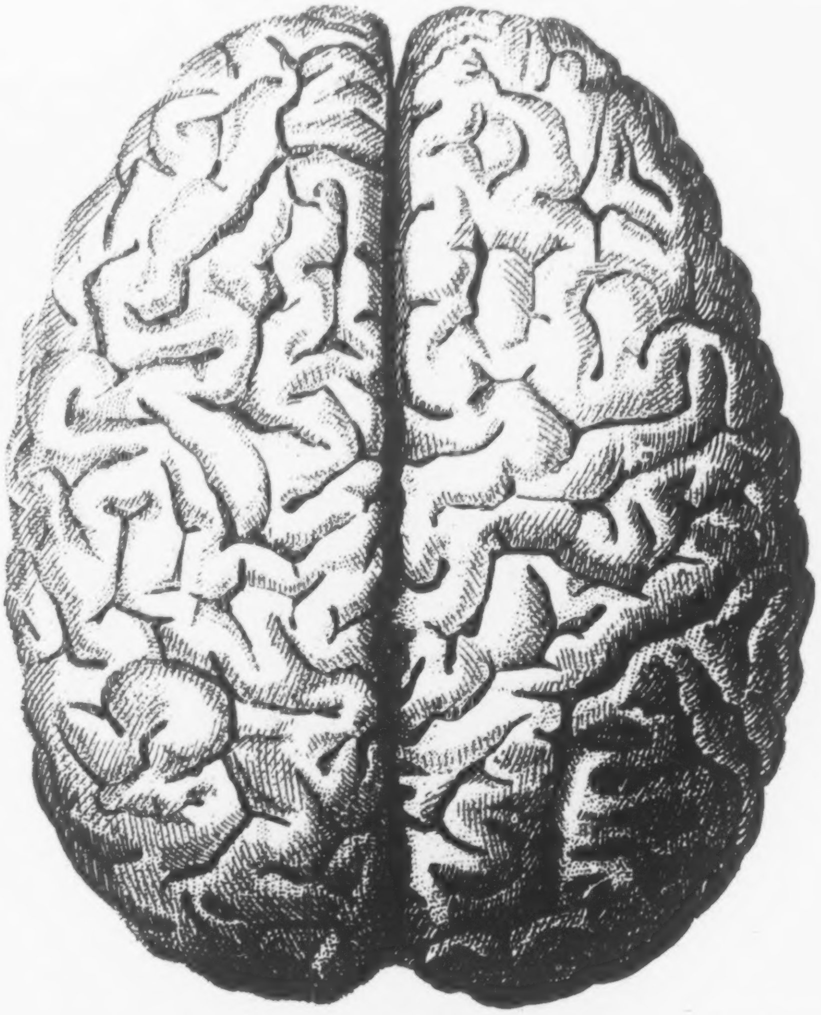
Bankers Trust Co.

280 Park Ave., New York, N.Y. 10017;
(212) 454-2065

	($ millions)
Total global custody assets	35,000
U.S. tax-exempt	18,000
U.S. taxable	2,000
Account supervisors	54

Reports available on-line:
Monthly transaction
Asset & liability
Performance measurement

Bankers Trust Co.'s global custody network ser-



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CHEMICAL
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vices 39 countries, of which 35 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in 18 countries.

Fees are based on number of portfolios, asset size, country exposure and transaction volume.

Record-keeping services include on-line access, multicurrency accounting reports, valuation services and performance measurement.

The client contact is Mary Ann Schreiber.

Barclays Bank PLC

Global Custody Group, 75 Wall St.,
New York, N.Y. 10265; (212)
412-5062

	($ millions)
Total global custody assets	92,000
U.S. tax-exempt	620
U.S. taxable	600
Account supervisors	23

Reports available on-line:
- Monthly transaction
- Asset & liability

Barclays Bank PLC's global custody network services 41 countries, of which 23 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees comprise a portfolio and transaction fees, which are country-specific, and a reporting fee.

Record-keeping services include multicurrency accounting using various cost methods.

The client contacts are Paul Corelli and Robert Heitzenrether.

Boatmen's Trust Co.

100 N. Broadway, St. Louis, Mo.
63102; (314) 466-3800

	($ millions)
Total global custody assets	440
U.S. tax-exempt	415
U.S. taxable	25
Account supervisors	8

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Boatmen's Trust Co. offers a "private label" product, for which Bankers Trust Co. is the primary supplier of the subcustodial network. The network services 32 countries.

The bank assists clients with foreign tax withholding in 19 countries.

Fees are unbundled, based on specific services.

Record-keeping services include multicurrency reporting and defined contribution participant record-keeping.

The client contact is Richard W. Hibbs.

Boston Safe Deposit and Trust Co.

1 Boston Place, Boston, Mass. 02108;
(617) 722-7000

	($ millions)
Total global custody assets	35,113
U.S. tax-exempt	22,059
U.S. taxable	3,800
Account supervisors	35

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Boston Safe Deposit and Trust Co.'s global custody network services 41 countries, of which 40 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in 19 countries.

Boston Safe Deposit and Mellon Bank will merge their global custody operations following Mellon's acquisition of The Boston Co. in September 1992.

Record-keeping services include benefit payments, performance measurement, analytics, on-line information delivery, multicustodian reconciliation and securities lending.

The client contact is Paul S. Maregni.

Brown Brothers Harriman

40 Water St., Boston, Mass. 02109;
(617) 742-1818

	($ millions)
Total global custody assets	150,000
U.S. tax-exempt	1,500
U.S. taxable	58,000
Account supervisors	88

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Brown Brothers Harriman & Co.'s global custody network services 51 countries, all of which are services by subcustodians. The bank assists clients with foreign tax withholding in all countries.

Fees are based on a percentage of assets plus a flat transaction charge.

Record-keeping services include participant accounting and double-entry multicurrency accounting, including a full general ledger.

The client contact is Kristen F. Giarrusso.

Chase Manhattan Bank

1211 Avenue of the Americas, New
York, N.Y. 10036; (212) 789-4118

	($ millions)
Total global custody assets	181,000
U.S. tax-exempt	21,200
U.S. taxable	73,400
Account supervisors	45

Reports available on-line:
- Monthly transaction
- Asset & liability

Chase Manhattan Bank's global custody network services 41 countries; 24 countries are serviced by subcustodians. The bank assists clients with foreign tax withholding in all countries.

Fees are based on market value, transaction type and volume and portfolio type and volume by country.

The client contacts are Peter Derrenbacher and Mary C. Orr.

Chemical Banking Corp.

55 Water St., New York, N.Y. 10041;
(212) 820-5000

	($ millions)
Total global custody assets	100,000
U.S. tax-exempt	8,000
U.S. taxable	5,000
Account supervisors	23

Reports available on-line:
- Monthly transaction
- Asset & liability

Chemical Banking Corp.'s global custody network services 41 countries, of which 37 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees are based on transaction volume and portfolio size in each country.

Record-keeping services include full accrual, multicurrency accounting and reporting, fund accounting, cash management services and on-line inquiry and input reporting.

The client contacts are Clarisse M. Persanyi and Clive Gande.

Citibank

111 Wall St., New York, N.Y. 10043;
(212) 657-9100

	($ millions)
Total global custody assets	203,000
U.S. tax-exempt	2,000
U.S. taxable	32,400
Account supervisors	250

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

Citibank's global custody network services 46 countries; five countries are serviced by a subcustodian. The bank assists clients with foreign tax withholding wherever possible.

Fees are based on countries and services used.

Record-keeping services include multicurrency reporting, daily on-line activity reports, participant record-keeping, foreign exchange, income collection, securities lending and fund accounting for non-U.S. based funds with offshore investments.

The client contacts are Kenneth H. Hines Jr., Ranjit Chatterji, Harish Suri and John Morris.

Comerica Bank

411 W. Lafayette, Detroit, Mich.
48226; (313) 222-5414

	($ millions)
Total global custody assets	327
U.S. tax-exempt	327
Account supervisors	10

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

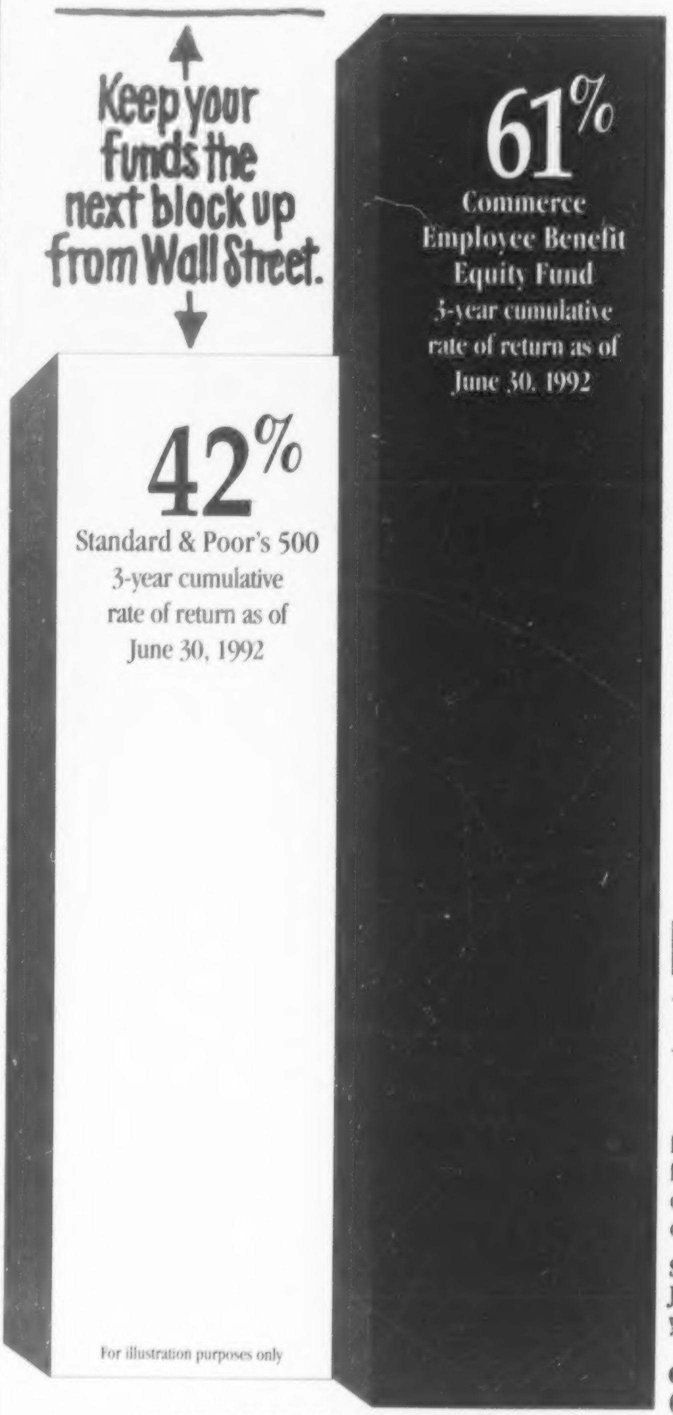
Comerica Bank, which includes data of Manufacturers Bank following the merger of Comerica Inc. and Manufacturers National Corp. in June, offers a "private label" product; Morgan Stanley Trust Co. is the primary supplier of the subcustodial network.

Master trust/custody banks ranked by new tax-exempt business

($ millions)

Firm	Total new business	New master trust	Clients	New master custody	Clients
State Street	67,999	5,905	17	62,094	10
Bank of New York	40,390	11,370	11	29,020	8
PNC Financial	34,551	300	12	34,251	2
Mellon Bank	31,327	11,883	18	19,444	14
Northern Trust	29,620	14,273	12	15,347	31
First Interstate/Calif.	27,500	20,500	20	7,000	8
U.S. Trust/New York	12,160	5,900	32	6,260	11
Bankers Trust	12,100	9,700	22	2,400	16
Bank of America	5,484	200	8	5,284	31
Boston Safe Deposit	5,230	1,070	3	4,160	8
Chase Manhattan	5,000	2,500	9	2,500	9
Harris Trust & Savings	4,872	857	14	4,015	2
NationsBank	3,800	1,900	3	1,900	3
Norwest Bank	2,870	300	5	2,570	4
NBD Bank	2,341	975	9	1,366	6
Boatmen's Trust	1,384	74	2	1,310	14
Continental Bank	1,367	1,367	13	0	0
Society Corp.	1,181	499	5	682	4
Fiduciary Trust	1,100	100	1	1,000	4
Marine Midland	1,000	200	4	800	3
Wachovia	958	651	6	307	3
Chemical Bank	950	325	19	625	32
First Nat'l/Maryland	600	0	0	600	3
LaSalle Nat'l Trust	600	100	1	500	75
First Tennessee Bank	544	21	2	523	3
Wilmington Trust	511	401	8	110	1
Fleet Investment Services	504	504	6	0	0
Security Trust	364	239	2	125	1
Bank of Boston	364	293	2	71	1
Marshall & Ilsley	280	280	1	0	0
BayBanks	172	35	2	137	3
CoreStates Bank	150	150	2	0	0
First Nat'l/Chicago	130	0	0	130	1
SunTrust Banks	122	57	2	65	1
Comerica	115	46	3	69	5
Union Bank and Trust	110	0	0	110	3
AmSouth Bank	65	5	1	60	1
Mercantile Bank-St. Louis	25	25	1	0	0
Firstar Trust	21	0	0	21	1
TOTAL	297,861	93,[illegible]	278	204,656	322

Source: Pensions & Investments
Kimberly Mast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3-year cumulative rate of return as of June 30, 1992
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3-year cumulative rate of return as of June 30, 1992
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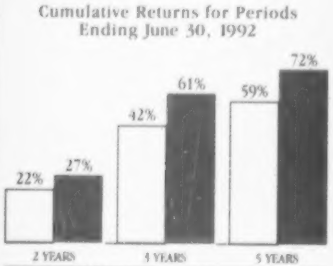

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Thirty-four countries are serviced by the global custody network.

The bank assists clients with foreign tax withholding where available.

Fees are calculated by asset value and transactions.

Record-keeping services include participant record-keeping for defined contribution plans, including participant loan processing and lump-sum distributions.

The client contact is Steve Nedwicki.

Continental Bank

231 S. LaSalle St., Chicago, Ill. 60697;
(312) 828-4038

	($ millions)
Total global custody assets	2,700
U.S. tax-exempt	400
U.S. taxable	2,300
Account supervisors	4
Reports available on-line:	
Monthly transaction	
Asset & liability	

Continental Bank's global custody network services 30 countries; 24 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries where dual tax treaties exist.

Fees are based on market value and transactions and vary by market.

Record-keeping services include international securities lending, foreign exchange and risk management.

The client contact is Cheryl A. Derezinski.

Fiduciary Trust Co. Intenational

2 World Trade Center, New York, N.Y.
10048; (212) 466-4100

	($ millions)
Total global custody assets	49,000
U.S. tax-exempt	25,000
Account supervisors	12
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Fiduciary Trust Co. International's global custody network services 36 countries, of which 13 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees comprise a base, account maintenance, transaction and miscellaneous charges.

Record-keeping services include an on-line system offering more than 60 different reporting functions.

The client contact is John D. Laur.

First Interstate Bank of California

707 Wilshire Blvd., Los Angeles, Calif.
90017; (213) 614-2319

	($ millions)
Total global custody assets	320
U.S. tax-exempt	320
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

First Interstate Bank of California offers a "private label" product, for which Chase Manhattan Bank is the primary supplier of the subcustodial network.

Thirty-eight countries are serviced by a global custody network. The bank assists clients with foreign tax withholding in all countries.

Fees are based on market and transaction values.

The client contact is David Coville.

The First National Bank of Chicago

27 Leadenhall St., London, England
EC3A 1AA; 44-71-240-7240

	($ millions)
Total global custody assets	9,500
U.S. tax-exempt	3,500
U.S. taxable	4,500
Account supervisors	6

The First National Bank of Chicago's global custody network services 30 countries, of which 29 are service by subcustodians. The bank assists clients with foreign tax withholding in all countries.

Fees are bundled or unbundled, based on portfolio and transaction volume and countries.

The client contact is Brian G. Horsepool.

First Trust National Association

180 E. Fifth St., St. Paul, Minn. 55101;
(612) 223-7317

	($ millions)
Total global custody assets	1,000
U.S. tax-exempt	400
U.S. taxable	500
Account supervisors	2
Reports available on-line:	
Monthly transaction	
Asset	

First Trust National Association offers a "private label" product, for which Bankers Trust is the primary supplier of the subcustodial network.

The global custody network services 37 countries. The bank assists clients with foreign tax withholding in all applicable countries.

Fees are based on market value and the number of issues and transactions.

The client contact is Robert L. Spies.

Goldman Sachs Trust Co.

85 Broad St., New York, N.Y. 10004;
(212) 902-1420

	($ millions)
Total global custody assets	2,500
U.S. tax-exempt	385
U.S. taxable	1,579
Account supervisors	11
Reports available on-line:	
Monthly transaction	
Asset & liability	

The Goldman Sachs Trust Co.'s global custody network services 36 countries; 33 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in 26 countries.

Fees are based on transaction volume and portfolio market value.

The client contact is David Mann.

Harris Trust and Savings Bank

111 W. Monroe St., Chicago, Ill.
60603; (312) 461-7637

	($ millions)
Total global custody assets	12,800
U.S. tax-exempt	4,100
U.S. taxable	1,300
Account supervisors	30
Reports available on-line:	
Monthly transaction	
Asset & liability	
Performance measurement	

Harris Trust and Savings Bank's global custody network services 32 countries; 30 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all applicable countries.

Fees are based on assets and number of transactions. Fees also may be on a fixed or geographic schedule.

The client contact is Beth Stubenrauch.

Investors Bank & Trust Co.

69 South St., Boston, Mass. 02111;
(617) 330-6700

	($ millions)
Total global custody assets	2,700
U.S. taxable	2,700
Account supervisors	9
Reports available on-line:	
Monthly transaction	
Asset & liability	

Investors Bank & Trust Co.'s global custody network services 50 countries, through subcustodians. The bank assists clients with foreign tax withholding in all countries.

Fees are based on assets and transactions.

Record-keeping services include mutual fund custody, accounting, administration and transfer agent.

The client contact is Jeff Zabel.

LaSalle National Trust

135 S. LaSalle St., Chicago, Ill. 60603;
(312) 443-2300

	($ millions)
Total global custody assets	125
U.S. tax-exempt	90
U.S. taxable	35
Account supervisors	4
Reports available on-line:	
Monthly transaction	
Asset & liability	

LaSalle National Trust offers a "private label" product, for which ABN-AMRO Global Custody is the primary supplier of the subcustodial network.

The global custody network services 45 countries. The bank assists clients with foreign tax withholding in all major industrial nations.

Fees are basis points plus settlement charges per country.

The client contact is John H. Deutsch.

Mellon Bank

1 Mellon Bank Center, Suite 3325,
Pittsburgh, Pa. 15258-0001; (412)
234-1336

	($ millions)
Total global custody assets	10,300
U.S. tax-exempt	9,780
U.S. taxable	520
Account supervisors	57
Reports available on-line:	
Monthly transaction	
Asset & liability	

Mellon Bank's global custody network services 27 countries are serviced by a global custody network; seven are serviced by a subcustodian. The bank assists clients with foreign tax withholding in 24 countries.

Mellon and Boston Safe Deposit will merge their global custody operations following Mellon's acquisition of The Boston Co. in September 1992.

Fees comprise an asset fee, account fee and transaction charge.

Record-keeping services include multicurrency reporting.

The client contact is Timothy F. Keaney.

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J.P. Morgan
60 Wall St., New York, N.Y. 10260;
(212) 648-3250

	($ millions)
Total global custody assets	79,000
U.S. tax-exempt	7,400
U.S. taxable	71,600
Account supervisors	45

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

J.P. Morgan's global custody network services 11 countries; another 23 countries are serviced by subcustodians. The bank assists clients with foreign tax withholding in all countries.

Fees are based on the value of the portfolio plus transaction costs. In addition, in certain countries miscellaneous expenses are passed to the client.

The client contact is Rene Venguestaine.

Morgan Stanley Global Securities Services Inc.
1 Pierrpont Plaza, Brooklyn, N.Y.
11201; (718) 754-2701

	($ millions)
Total global custody assets	23,000
U.S. tax-exempt	5,603
U.S. taxable	10,433
Account supervisors	18

Reports available on-line:
- Monthly transaction
- Performance measurement

Morgan Stanley Global Securities Services Inc.'s global custody network services 43 countries, of which 42 are serviced by subcustodians. The bank assists clients with foreign tax withholding in nine countries.

Fees comprise an asset-based basis point charge plus a transaction fee.

The client contact is John Roberts.

NationsBank
1 NationsBank Plaza, T10-10,
Charlotte, N.C. 28255; (704)
386-2891

	($ millions)
Total global custody assets	55,000
U.S. tax-exempt	510
Account supervisors	1

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

NationsBank offers a "private label" product, for which Chase Manhattan is the primary supplier of the subcustodial network.

The global custody network services 35 countries; 25 are serviced by a subcustodian. The bank assists clients with foreign tax withholding.

Fees are based on market value.

The client contact is Jim Wahl.

NBD Bank
611 Woodward Ave., Detroit, Mich.
48226; (313) 225-2183

	($ millions)
Total global custody assets	700
U.S. tax-exempt	700
Account supervisors	4

NBD Bank's global custody network services 26 countries; 23 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees comprise transaction, market value and maintenance charges.

Record-keeping services include 401(k) accounting and mutual fund shareholder accounting.

The client contact is John K. Broman.

The Northern Trust Co.
50 S. LaSalle, Chicago, Ill. 60675;
(312) 630-6000

	($ millions)
Total global custody assets	30,600
U.S. tax-exempt	16,524
U.S. taxable	2,500
Account supervisors	74

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

The Northern Trust Co.'s global custody network services 36 countries, of which 34 are serviced by a subcustodian. The bank assists clients with foreign tax withholding in all countries.

Fees are negotiated.

Record-keeping services include tax reclamation reporting, multicurrency performance measurement, international proxy services, payable data income crediting in major markets, international securities lending and participant level reporting for commingled funds.

The client contact is Jennifer K. Tretheway.

Norwest Bank Minnesota
Sixth & Marquette, Minneapolis, Minn.
55479-0047; (612) 667-1234

	($ millions)
Total global custody assets	310
U.S. tax-exempt	270
U.S. taxable	40
Account supervisors	5

Reports available on-line:
- Monthly transaction
- Asset & liability

Norwest Bank Minnesota offers a "private label" product, for which Morgan Stanley Trust Co. is the primary supplier of the subcustodial network.

Thirty-eight countries are serviced by the global custody network. The bank assists clients with foreign tax withholding in all countries.

Fees are determined by market, based on asset size and transactions.

Record-keeping services include mutual fund accounting.

The client contact is Abigail Luster.

PNC Financial Corp.-Institutional Services
200 Stevens Drive, Lester, Pa. 19113;
(215) 521-7876

	($ millions)
Total global custody assets	3,226
U.S. tax-exempt	1,700
U.S. taxable	1,526
Account supervisors	1

Reports available on-line:
- Monthly transaction
- Asset & liability

PNC Financial Corp. — Institutional Services offers a "private label" product, for which Barclays Bank PLC is the primary supplier of the subcustodial network.

Thirty-three countries are serviced by a global custody network. The bank assists clients with foreign tax withholding in nine countries.

Fees are based on transactions and assets.

The client contact is John T. Foster.

State Street Bank and Trust
P.O. Box 1992, Boston, Mass.
02105-1992; (617) 985-2511

	($ millions)
Total global custody assets	121,400
U.S. tax-exempt	43,400
U.S. taxable	22,800
Account supervisors	105

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

State Street Bank and Trust Co.'s global custody network services 22 countries; another 40 are serviced by subcustodians. The bank assists clients with foreign tax withholding in all applicable countries.

The bank offers an unbundled fee schedule with asset value, transaction and subcustodian holding cost charges.

Record-keeping services include international mutual fund accounting, multicurrency performance measurement, international 24-hour securities lending, consolidated record-keeping for worldwide affiliates, international cash management and global proxy voting.

The client contact is Frank D. Antin.

SunTrust Banks Inc.
25 Park Place, Atlanta, Ga. 30303;
(404) 827-6983

	($ millions)
Total global custody assets	7,700
U.S. tax-exempt	165
Account supervisors	2

Reports available on-line:
- Monthly transaction

SunTrust Banks Inc. offers a "private label" product. Fifteen countries are serviced by the global custody network.

Fees are based on portfolio market value.

Record-keeping services include investment review and income forecast.

The client contact is K. Sekimoto.

U.S. Trust Co. of New York
114 W. 47th St., New York, N.Y.
10036-1532; (212) 852-1956

	($ millions)
Total global custody assets	3,049
U.S. tax-exempt	479
U.S. taxable	2,570
Account supervisors	6

Reports available on-line:
- Monthly transaction
- Asset & liability
- Performance measurement

U.S. Trust Co. of New York's global custody network services 35 countries, all of which are serviced subcustodians. The bank assists clients with foreign tax withholding in all countries.

Fees are based on assets and transactions.

Record-keeping services include performance measurement, daily pricing and accruals, cash management, investment analytics, global securities lending and multicurrency reporting.

The client contact is Robert E. Furst.

Wachovia Corp.
301 N. Main St., Winston-Salem, N.C.
27150; (919) 770-6348

	($ millions)
Total global custody assets	489
U.S. tax-exempt	270
U.S. taxable	219

Continued on page 34

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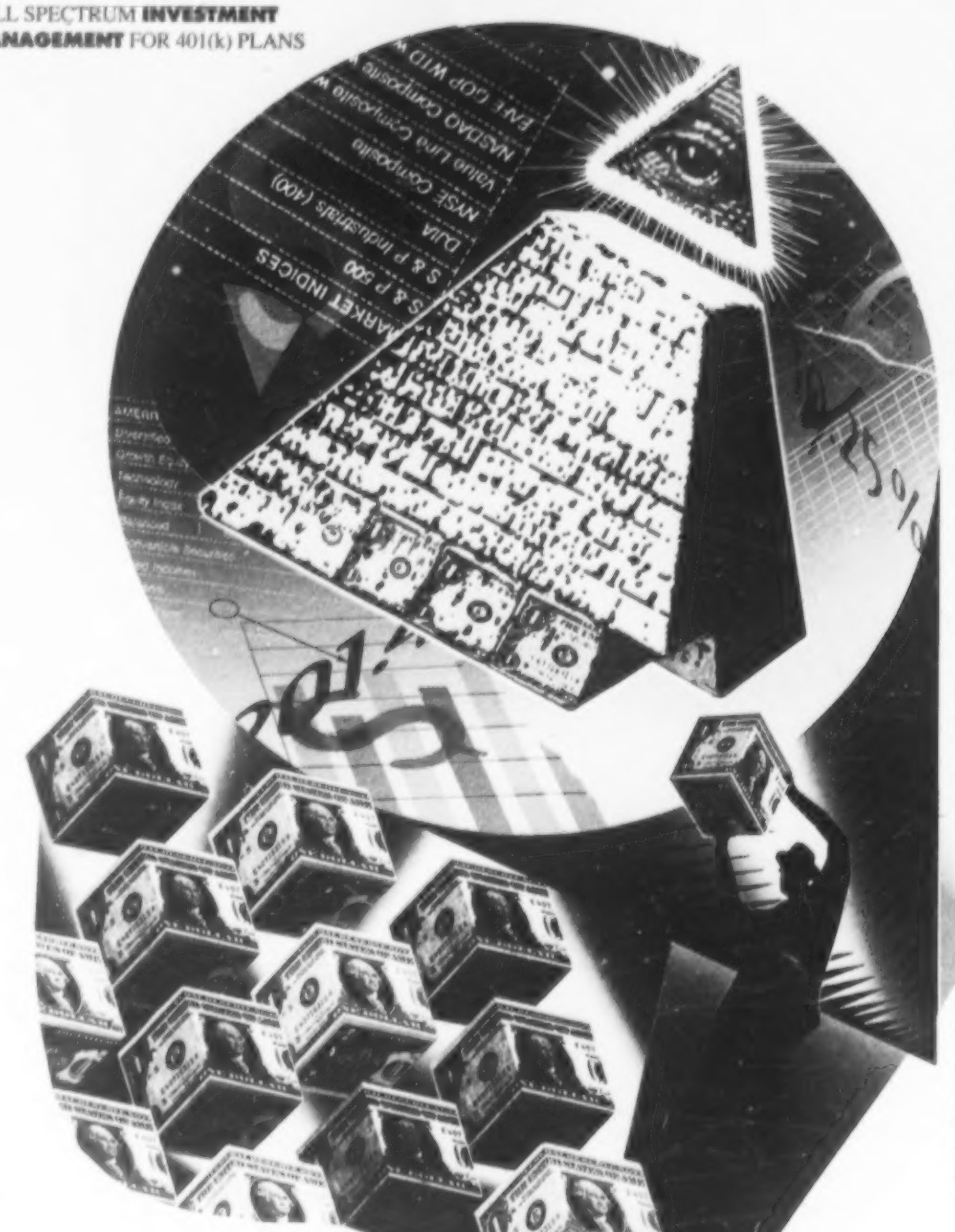

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Global custodians eye performance

By Elizabeth Block

LONDON — Global custodians, their pension fund clients and investment consultants are struggling with how to measure the performance of global custodians.

More accurate measurement of the impact of global custody on investment performance was a recurring theme at the Institute for International Research's third annual global custody conference in London last month.

But many problems arise when seeking to measure the diverse — and rapidly changing — range of core and add-on services generally recognized as "custody," whether domestic or global.

Custodial operations can impact all aspects of investment performance, from settlement to foreign exchange. Traditional corporate banking loyalties still govern the choice of a custodian. But competitive forces are likely to increase calls for standardization of custodians' performance as well as systems.

As markets and instruments proliferate, custodians must hustle to maintain and improve levels of efficiency.

"We have to be volume insensitive," said Helen Turnbull, vice president, The Northern Trust Co., London. "Our core activities must be 100% efficient. And if two rocket scientists somewhere dream up a new designer security, we need to be ready to settle."

Despite ritual predictions of an industry shakeout, more providers now offer some or all of the core services. Among the newer players are many non-bank or alternative custodians such as brokerage houses, depositories and investment managers.

According to Ms. Turnbull, the number of institutions worldwide "reasonably active" in providing global custody services increased to nearly 80 in 1991 from about 60 in 1990.

Frank Stone is manager-stock lending and global custody, Norwich Union Fund Managers Ltd., Norwich, England, and chairman of the International Stock Lenders' Organization. He said global custody will become a commodity, with clients able to choose solely on price, when custodians achieve:

- 100 percent settlement on settlement date;
- All securities lending settling on agreed date;
- Dividends and interest payments credited on due date on all markets;
- Real-time information;
- Corporate information available within 48 hours of announcement;
- Clients guaranteed against

See **Global** *on page 35*

Overall ranking of global custody banks by sponsors*

	Average rating
Boston Safe Deposit	4.00
State Street Bank	3.89
Mellon Bank	3.88
Bankers Trust	3.80
Northern Trust	3.71
Chase Manhattan	3.60

*Excludes those receiving less than five votes.
Source: *Pensions & Investments*

Services

Continued from page 17

the overall operation," said Mr. Kufel.

He said NBD hasn't done anything "substantially different" during the two years since the last survey, but has "focused more attention on communications and on the unique nature of each client and understanding his individual needs."

Paul Maregni, senior vice president at Boston Safe, said the bank has taken several concrete steps during the past two years designed to improve its overall rating.

He said Boston Safe now uses a team approach: Clients work with a single contact at the bank, but the contact is supported by a specialized team.

"That formula has proven to be very beneficial," said Mr. Maregni. In addition, he said, Boston Safe instituted a liaison group for investment managers "to effectively service the investment managers of our clients in the same way our client relationship managers serve the clients themselves." (Since the survey was conducted, Mellon Bank announced it was acquiring Boston Co. and Boston Safe.)

Allen Martin, managing director-retirement services at Bankers Trust, said the bank invests nearly $50 million each year in new technology in the retirement services area that includes master trust, as well as 401(k) recordkeeping and administration.

He said Bankers too has emphasized client service by reducing errors in reporting and by providing information to plan sponsors more quickly.

"During the past three to four years, we have tried to build a quality master trust process, and we are now starting to see some of the results of that effort."

Mr. Martin said the role of the master trustee has been evolving and now can provide multiple services, including some offered by consultants.

Most large corporations have been re-evaluating their internal administrative functions, he said, and are looking at cutting administrative expenses. "As a result, companies are looking to their vendors to do more for them, and they want to deal with fewer vendors who do more for them." ■

Continued from page 33

Account supervisors 5
Reports available on-line:
  Monthly transaction
  Asset & liability
  Performance measurement

Wachovia Corp.'s global custody network services 34 countries, all through subcustodians. The bank assists clients with foreign tax withholding.

Fees are based on market value and transactions.

The client contact is Jane B. Fisher.

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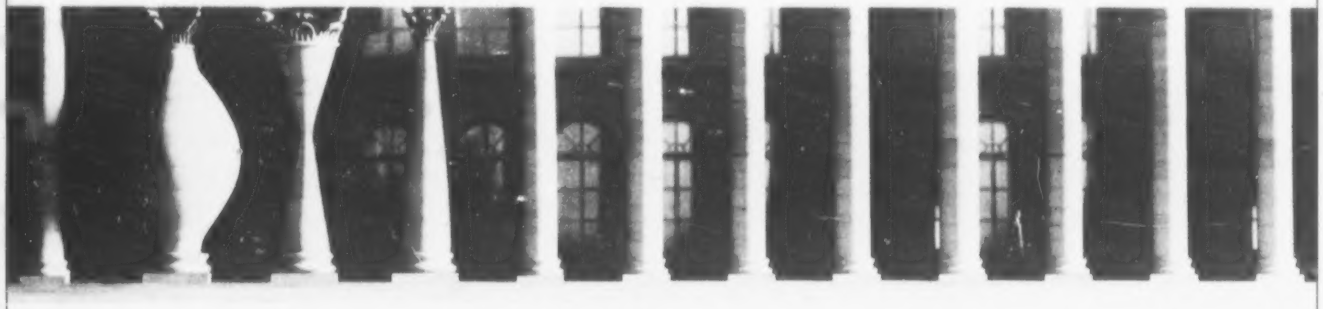

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Global

Continued from page 34

missed corporate actions and subcustodians' performance; and

- Market rates on uncommitted funds.

According to Stewart Crawford, managing director-business division, The WM Co., a performance measurement firm in Edinburgh, and Alistair Reid, director, Morgan Grenfell Investment Management, London, custodians are far from attaining these benchmarks. Failure rates must be quantified so that clients can properly evaluate their custodians.

WM estimates that U.K. pension funds stand to lose 4 million pounds per day of late settlement. Late crediting of dividends and failure to reclaim tax promptly also can result in significant losses.

When WM surveyed its own client base in six major markets earlier this year, the firm found only 87% of trades settled on time. Dividends were credited up to 56 days late and tax reclaim times varied by three to four weeks.

WM's figures also shamed custodians in treasury and foreign exchange performance, lucrative add-on services for many custodians.

Mr. Reid said current monitoring and measurement methods are inadequate and overly subjective. "Global custodians should be measured like fund managers — against established benchmarks and against the competition."

But several custodians stressed that money managers are measured on investment performance — not on operations.

"We all welcome more objective measurement," said Colin Grimsey, managing director-global securities services, Chase Manhattan Bank, London. "But we have to be fair. Many fund managers have poor back offices and poor interface and give poor instructions. If custodians' operations are to be measured, then we should measure managers' operations as well. Otherwise, it's apples and pears."

Glyn Peat, director-client services, Lazard Investors, London, called the concept of measurement "smashing," but agreed that poor instructions often underlie poor custodial performance. "Clients must define areas of responsibility," he said. "Who is to issue trade instructions? Who is to do forex?"

Quality could be further eroded if custodians and clients tend to focus too narrowly on price. Alex Tweedie, managing director, Barclays Global Securities Services, London, discussed the effects of State Street Bank and Trust Co.'s well-publicized half-a-basis-point bid for the domestic and global custody business of the $68 billion California Public Employees' Retirement System.

"The CalPERS effect means continuing decline in both price and margins. Are global custodians suicidal lemmings?"

Mr. Tweedie urged an emphasis on quality of service. "Custodians are dreaming if they think that costs will fall faster than prices, while margins widen through add-ons. Quality must rise sharply for margins to hold."

Another topic among participants was the Maxwell pension scandal. Many participants noted the increased visibility of custody as a positive result and stressed that Robert Maxwell's abuses were not "stock lending" but "stock stealing."

A session on the Maxwell scandal was notable for the absence of calls for a U.K. equivalent of the Securities and Exchange Commission or tougher laws like the Employee Retirement Income Security Act.

Chris Johnson, a pensions partner with Clifford Chance, a London law firm, called for more attention to existing law, rather than more regulation. "There is an enormous body of law on the books, and some of it — in regard to compulsory vesting — is actually tougher than ERISA."

"What Maxwell did was against the law. If we are to prevent a repeat, we need general principles. Otherwise, you'll have people checking obscure regulatory details while the trustees run off with the money."

The Financial Services Act of 1986 had raised expectations, he said. "That act was to be the great protector of investors, but we've seen many scandals since then. It's not surprising that people are disillusioned."

He urged custodians to become "whistle blowers" on fraud. However, until responsibility for endorsement is more clearly defined, he admitted custodians might find themselves whistling in the dark.

Custodians also are putting new emphasis on global proxy voting, partly in response to the U.S. Labor Department's ruling forcing pension funds to vote overseas proxies and partly as a marketing ploy.

"The question is not whether global custodians will provide global proxy services, but when," said Markus Reutimann, first vice president-client and market services division, UBS Asset Management (U.K.) Ltd., London. "This is not an add-on."

Investor interest in increasingly exotic markets presents additional risk in handling corporate actions — from dividends and stock rights issues to proxies. The opportunity may be there, but not the investment infrastructure.

John Morris vice president, Citibank N.A., pointed out that in some South American countries, a company need only announce a corporate action in a local newspaper. "Custodians and their agents could spend a great deal of time reading local papers — and still not be sure" everything is covered, he said.

Given these difficulties, how can custodians offer effective global proxy services? Mr. Morris urged money managers and custodians to work together to develop new markets.

"We have to anticipate demand," he said, adding banks can actively lobby governments to improve local infrastructure.

Northern Trust's Ms. Turnbull suggested the proxy process could be speeded up by allowing subcustodians to vote local proxies. ▪

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	Quarter Ended 6/30/92	Quarter Ended 6/30/91	Six Months Ended 6/30/92	Six Months Ended 6/30/91
UK GAAP (historical cost basis)				
Sales (£mm)	1,924	2,186	5,509	5,877
Profit/(Loss) Before Taxation (£mm)	(17)	247	915	1,307
Profit/(Loss) Attributable to Shareholders (£mm)	(21)	163	637	892
Earnings/(Loss) per Ordinary Share (pence)	(0.5)	3.8	14.9	20.9
1992 Interim Dividend per Ordinary Share (pence)*			6.4	
U.S. GAAP				
Net Income (£mm)	28	192	698	898
Earnings per ADS (£)	0.07	0.45	1.63	2.11

*The 1992 interim dividend is not comparable with 1991 due to the change in accounting reference date from March 31 to December 31 in 1991.

Lower sales were due to warmer than normal weather. Although sales in the tariff sector of the UK Gas Business remained ahead of 1991 on a seasonally adjusted basis, sales to the firm contract market were sharply lower as competitors increased their share of the market. The profit outcome for the full year is likely to be lower than 1991 unless the weather pattern in the period September-December is very much colder than seasonally normal.

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Multiemployer plans have nothing to fear

Impact of FAS 106 would be negligible

By Fred Williams

A proposed accounting measure that would require multiemployer health and welfare plans to measure and disclose accumulated retiree medical liabilities would not have the same dramatic financial impact as a similar rule being implemented for corporate plan sponsors.

The American Institute of Certified Public Accountants exposure draft, issued late last year, would require multiemployer plans' accrued post-retirement health and welfare benefit obligations be measured in accordance with the Financial Accounting Standards Board's Statement 106 and be disclosed in financial statements.

For most large companies, FAS 106 will have a negative impact on corporate earnings and will appear as a major liability on balance sheets following the December implementation date. The AICPA rule would become effective at the same time for multiemployer plans.

According to the International Foundation of Employee Benefit Plans, there are more than 2,000 multiemployer funds sponsoring defined benefit pension plans and more than 3,000 funds sponsoring health and welfare plans. Assets of multiemployer pension plans probably exceed $125 billion, according to the IFEBP.

Unlike corporate single-employer plans, experts say most multiemployer plans have reserved the right to modify or reduce benefits depending on funding.

Also, there will be no balance sheet or income statement implications, according to Art Drechsler, senior vice president-group benefits, at Martin E. Segal Co., New York.

"This won't have the same impact as on corporate bottom lines," said Mr. Drechsler. "There won't be a balance sheet item so it won't affect the financial condition, marketability or stock value. It certainly will give trustees cause for concern, yet it doesn't have the immediate impact" as FAS 106.

A potential longer term impact might be that it could evolve into a stronger federal regulation of multiemployer plans if the Department of Labor decides to use the rule in its definition of a properly funded plan, Mr. Drechsler said.

"Once the liability is quantified, how long is the next step to pay for it," he asked. "The establishment of funding requirements could be the next step. It is not a large leap to say that now that we know what these liabilities are someone comes along and says to fund them. And for a lot of plans, that would pose a heavy burden."

Elizabeth Poston, multiemployer consulting specialist with the Washington office of William M. Mercer Inc., said, "all multiemployer plans will have is a footnote in their financial report."

She said multiemployer plans traditionally have modified plan design to fit the funding level and "if they have a $10 million liability and they find they can't afford it, they can unilaterally cut benefits.

On the other hand, "there is nothing that says they have to comply (with the accounting rule). There is no law that says they have to comply; there is no penalty for noncompliance."

In its response to the exposure draft being circulated by the AICPA, Martin E. Segal Co. said the AICPA should reconsider the application of FAS 106 to multiemployer plans because it requires disclosure of information "that is of interest to corporate shareholders" and the AICPA requirements "serve no clear purpose." ■

Market

Continued from page 17

measurement and securities lending that help with profitability.

And once systems are in place adding new clients does not increase the cost.

Operational efficiency aided by less labor-intensive technology has helped lower costs at State Street, according Mr. Appell. It is true that the technology expense is a major component of the service. "We have to keep fueling that piece to stay ahead," but he noted technology lowers internal costs. "The more people that are out of the loop, the cheaper it is."

There also is a lot of risk associated with regulatory changes, and a need for a level of sophistication required to stay competitive, said Peter Derrenbacher, vice president-national accounts relationship management and sales, Chase Manhattan Bank. "A lot of sideline players will not continue."

"The stakes have risen dramatically," agreed Mr. Costa. The real risk to trust companies is any one transaction going bad. "Each transaction is mega compared to 20 years ago."

It is a valid area of concern, agreed Mr. Derrenbacher. "If you make a mistake, you have to absorb it. With billions of dollars in trading, it's a real risk." He added: "Profit margins are not wide enough to support the degree of risk."

The next area of high growth could be post-retirement health care and how corporations are funding that liability, aid Mr. Appell. "The jury is still out."

Meanwhile, global banks also are moving into the global market for non-U.S. pension funds. Mr. Appell pointed out the concept of a master trustee is being exported to the United Kingdom. Non-U.S. firms with U.S. subsidiaries and the influx of new Canadian investments are other areas of growth.

Fiduciary Trust Co. International, New York, appears in the survey for the first time, but it is not a new firm. The firm specializes in master custody services for endowments and foundations.

Ben Fisher, senior vice president, said that while pension funds look at the master trust/custody services as a commodity product, endowments do not.

Endowments and foundations are "willing to pay for more customized reporting," Mr. Fisher said. ■

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AT DEADLINE

Funds change consultants

- The $68 billion **California Public Employees' Retirement** System did not renew the contract with its real estate consultant, The Roulac Group, and selected a partnership of Pension Consulting Alliance and Kenneth Leventhal & Co. The change is considered a major loss for The Roulac Group because the California fund, with $7.5 billion in real estate, is one of the few funds in the United States still actively buying real estate.
- The $320 million **Employees Retirement System, St. Louis**, hired Asset Consulting Group as its new consultant.

New managers chosen

- The $1.15 billion **San Diego City Employees' Retirement System** committed $10 million each to Metric Institutional Realty and RREEF for apartment investments on a co-investment basis. Commitments also were made to Loomis, Sayles and Analytic Investment Management for an options overwriting strategy. The two will write index options on the fund's $350 million large-cap equity portfolio. Funding is contingent on fee negotiations and due diligence.
- **Stanhome Inc.** hired The Putnam Cos. to be manager, trustee and custodian for its $6.5 million 401(k) plan. Bay Bank previously had managed $2.5 million for the plan.
- The $27 billion **Ohio Public Employees Retirement System** committed $15 million to the Blue Chip Capital Fund, a venture capital fund sponsored by Gradison & Co. The fund will invest in companies in southern Ohio, Kentucky and Indiana.
- **Habitat Administradora de Fondos de Pensiones**, the Santiago, Chile-based management company for the Chilean social security system, hired Shearson Lehman Brothers' Consulting Group Institutional Services, to handle a $35 million global fixed-income account.

Shearson will subcontract with

Continued on page 39

INSIDE

ELECTION
'92

Election round-up

As the presidential election winds up, there seems to be little difference between the two major party candidates — although President Bush wins the approval of one shareholder activist group. Stories on Page 32.

ALICE GARIK

New York's Rockefeller Center is among the Japanese investments that have soured.

Japanese hit by heavy realty loss

By Steve Hemmerick

Japanese investors have lost more than 30% — at least $22.8 billion in value on $76 billion — U.S. equity real estate investments, a serious loss for some Japanese who want to raise cash because of economic problems back home.

The loss was estimated for 1986 through 1991 by the accounting firm, Kenneth Leventhal & Co., Los Angeles.

Although the Japanese contend they are long-term investors and aren't unduly upset about their real estate losses, others say they might be trying to save face.

Among the poor-performing real estate investments:

- Mitsubishi Estate Co.'s 80% stake in New York's Rockefeller Center is worth about 47% less than what the firm paid for it.

Mitsubishi Estate, Tokyo, paid $1.37 billion for the controlling interest in Rockefeller Group Inc. Radio City Music Hall Productions Inc., which owns, leases and operates the center.

BDS Securities Corp., New York, a broker in distressed securities, estimates the Rockefeller property is now worth $900 million, according to Kevin J. McCabe, BDS director of research. That means Mitsubishi's 80% stake is worth about $720 million.

A key problem is nearly 45% of Rockefeller Center's available space for leasing comes up for renewal in 1994, and New York's real estate market is perceived to be in a severe and long-term depression.

- The Daiichi Real Estate Co. of Japan, Tokyo, burdened by its own debts, took the unusual step

See **Losses** *on page 34*

GM, U S WEST seeking private investment relief

Approval would widen in-house opportunities

By Joel Chernoff

WASHINGTON — The pension funds of General Motors Corp. and U S WEST Inc. are seeking broad relief from the private pension law's fiduciary rules to facilitate their ability to invest in a wide variety of investments.

If the Department of Labor approves the funds' respective requests, it would enable them to use internal staff to engage in a host of investments, including real estate, asset-backed securities, timber, oil and gas, sale-leasebacks, foreign currency hedging, synthetic guaranteed investment contracts and venture capital.

Approval would open a variety of transactions that private pension funds currently must pay outside advisers to handle or must forgo entirely because they would be forced to endure a lengthy and costly exemption process for each transaction from the Labor Department.

The $34 billion GM fund's proposed exemption from the 1974 Employee Retirement Income Security Act's prohibited transaction rules, filed in August 1991, affects nearly 20% of its investments and is closer to fruition than U S WEST's, Labor Department officials said. Observers hope an exemption will establish an important precedent for large pension funds that use in-house money managers.

"A large number of large plan sponsors are seriously considering filing their own applications," said Scott Macey, executive vice president and general counsel, Actuarial Sciences Associates, a unit of American Telephone & Telegraph Co., Piscataway, N.J.

A. Richard Susko, a partner in the law firm of Cleary, Gottlieb, Steen & Hamilton, New York, said the relief "is long overdue" and urged the department to publish the proposed exemption for GM promptly. "There are literally hundreds of transactions that impede the plans' ability to obtain best execution or pursue the most efficient investment strategy."

An attorney for GM declined to comment. Other GM officials could not be reached.

U S WEST's application would cover eight pension and welfare plans, with $10.6 billion in total assets.

James Biundo, U S WEST's executive director-trust investment management, said the exemption "would help us reduce the number of checks we go through in terms of managing our internal fixed-income portfolio." That portfolio has $890 million in assets.

Investment experts said the largest pension funds are increasing

See **Relief** *on page 34*

Advisers spend big for Bush

Republicans top Democrats 3-to-1

By Hillary Durgin

WASHINGTON — An informal survey of leading investment management professionals found contributions to President Bush and various Republican committees outpaced funds given to Gov. Bill Clinton and the Democrats by almost 3-to-1.

As of Oct. 16, the most recent information available, the president and/or Republican committees received a total of $174,375, while Gov. Clinton and/or Democratic groups received $67,975.

Those totals don't include $249,900 in so-called soft money contributions given to the Republican Party. These funds, which cannot be used in federal elections, were not required to be disclosed prior to January 1991.

Soft money, which is exempt from contribution limits, generally is used by the parties to supplement the $55 million in federal funds given to presidential candidates. The soft money goes toward efforts such as voter registration and providing absentee ballots.

Investment managers' soft money contributions reflect a broad trend across the securities and investment industries.

Of the $11.2 million in contributions from the securities indus-

See **Election** *on page 38*

Party backers

After the nominating conventions have been held, supporters of the presidential candidates must direct contributions to the respective political parties. Some of the contributors below also gave money to the candidates during the primary season.

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Nicholas C. Forstmann
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Forstmann Little & Co.

Source: Federal Election Commission documents

KIMBERLY MART

NEWS DIGEST

GORDON PHILIP

Thailand's thriving economy and strong stock market are being overshadowed by the country's widespread epidemic of acquired immune deficiency syndrome. Page 20.

The use of company stock in a funding vehicle for retiree health care has drawn the criticism of the Securities and Exchange Commission. Page 6.

SPECIAL REPORT: EMERGING MARKETS

Some heady performance numbers can be found in the world's developing markets, but institutional investors are discovering each country also has its share of problems. Stories begin on Page 19.

INTERNATIONAL

Minnesota's Investment Board creates standards for its overseas investments in response to organized labor's protests. Page 27.

British Coal's plans to lay off more than half its workers won't affect pension fund investments. Page 35.

REAL ESTATE

Japanese investors, already suffering economic problems at home, have lost an estimated 30% on their U.S. equity real estate holdings. Page 1.

Apartments and single-family homes offer the best investment potential in 1993, according to the soon-to-be-released "Emerging Trends" report. Page 3.

Stock analysis techniques also can be used effectively in evaluating real estate investments. Page 30.

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Pension issues at the polls

4 states place retirement system questions on ballots

By Sabine Schramm and Terry Williams

Voters in California, Oklahoma, Colorado and New Jersey will cast ballots directly affecting the funding — or use of funds — of the retirement systems.

Under pressure from tighter budgets and voters pushing for spending limits and tax reform, state legislatures are looking more often at the resources sitting in the coffers of state pension funds.

In California, labor groups took the initiative to protect their pension assets from raids by the state government. A coalition of more than 20 labor groups put "The California Pension Protection Act of 1992" on the Nov. 3 ballot.

The proposed constitutional amendment "grants the board of the public employee retirement system sole and exclusive authority over investment decisions and administration of the system."

Proposition 162 is a direct reaction to the raid on the California Public Employees' Retirement System last year in Assembly Bill 702, explained Bob Walton, assistant executive officer to the $68 billion pension system. The bill, among other things, deleted cost-of-living-adjustment benefits under two programs and the $1.9 billion gained from that move was used to offset employer contributions (*Pensions & Investments*, June 24 and Aug. 19, 1991).

Also, actuarial responsibilities were transferred to the governor's office from the pension system. Under Proposition 162, those responsibilities would be returned to the pension fund.

"Its passage will limit the opportunity for Gov. (Pete) Wilson to use the actuary to raid the pension fund by shorting the contribution rate," said Jake Petrosino, a trustee for the California fund.

"During last year's budget crisis, there were rumors that (Bill) 702 would restructure (the retirement) board of administration, replacing the 13-member board, made up of elected and appointed members, with nine appointees," said Mr. Walton. Although this proposal was not on the final version, Proposition 162 addresses the issue. "Pension boards with elective members cannot be reconstituted without an election of voters in the fund's jurisdiction," said Mr. Walton.

The retirement system has taken an active role in supporting passage of Proposition 162. As to how well the proposition will do, Mr. Walton said surveys and polls have been positive. The vote on the proposition will be binding.

Gov. Wilson's actions in California had a direct impact in Oklahoma.

Legislative Referendum No. 289 on the Oklahoma ballot would require that all proceeds, assets and income of certain public retirement systems be held, invested or disbursed as in trust for a limited purpose.

According to Rex Privett, executive director of the $2 billion Oklahoma Public Employees' Retirement System, the referendum is in response to what happened

See **Ballots** *on page 37*

L.A. County taking 457 assets

$250 million going to plug budget gap

By Steve Hemmerick

LOS ANGELES — Los Angeles County's plan to take up to one-quarter of the assets from its $1 billion 457 defined contribution plan to help cover the county's budget deficit could trigger copycat assaults on 457 plans nationwide, pension consultants say.

Los Angeles County supervisors agreed to "borrow" the assets from the 457 plan to help avoid laying off 8,000 to 12,000 county employees and lessen the reduction in county services because of an $883 million deficit.

County officials said they plan to take the assets from the Stable Income Fund option of the county's Horizons Plan, a 457 plan. The Stable Income Fund has approximately $750 million invested in a hybrid guaranteed investment contract with Metropolitan Life Insurance Co., New York.

County officials flatly rejected any accusations that the plan assets won't be repaid. They insisted the assets belong to the county, not the employees, and the county has the right to use the money.

"We are not really borrowing money," said Sharon Yonashiro, director of public finance for Los Angeles County. She said the money already belongs to the county.

Richard Dixon says L.A. County itself will become an investment for the 457 plan.

Ms. Yonashiro said it "doesn't really matter to the employee" what the actual source of the money will be to pay 457 benefits. She said the county has promised to pay to employees the market rate of return on the assets used, currently about 6% to 6.5% annually.

County officials are meeting with Metropolitan Life executives to draw up an agreement concerning temporary use of the assets, invested in corporate bonds, government agencies and Treasury securities.

County employees have another $250 million in the 457 plan in other investment options. Use of the assets will be temporary and employees will be paid back over a period of six to seven years, county officials said. They said this is the first time they have used 457 plan assets and can't recall similar action by any other governmental agency anywhere in the nation.

Richard B. Dixon, the chief administrative officer of Los Angeles County, said the county it-

See **457 plan** *on page 33*

Farley slashes health liabilities

By Fred Williams

CHICAGO — In what could be a major precedent-setting action, Farley Inc. has restructured its retiree medical benefits and slashed its $100 million unfunded liability by nearly half after first filing a class action against a group of unionized retirees.

Taking pre-emptive action by seeking court approval to modify retiree health obligations might now be an avenue for others to follow, according to some industry and legal sources.

While the focus has been on a similar request by Navistar International Corp., which filed for a declaratory judgment seeking authorization to cut health care benefits for 40,000 unionized United Auto Workers retirees, Farley received court approval to modify retiree medical benefits for 1,800 retired UAW workers.

Farley and the UAW eventually agreed to a negotiated settlement. Navistar has since withdrawn its request, filed late in July in U.S. District Court for the Northern District of Illinois, Chicago, and now will negotiate directly with the union regarding health plan modifications.

The two cases are significant because they go to the heart of how and whether corporations, facing burdensome liabilities for retiree medical benefits, can make unilateral modifications in retiree health plans.

Almost two years before the Navistar action, Farley filed for a declaratory judgment in September 1990 against the UAW as a class in U.S. District Court for the Eastern District of Pennsylvania, Philadelphia. The company sought to terminate a retiree health plan for Doehler-Jarvis Co., an automobile parts manu-

See **Farley** *on page 36*

Companies brace for 1993 proxy season

SEC's long-awaited reforms turn up the heat on directors

By Joel Chernoff
and Marlene Givant Star

WASHINGTON — The SEC's long-awaited proxy reform and executive pay disclosure rules will ratchet up pressure on corporate directors.

With directors at Sears, Roebuck and Co. and General Motors Corp. already responding to calls for change by shareholders, experts believe the new rules likely will boister efforts by shareholders to get directors at poorly performing companies to scrutinize top management. Eventually, institutional investors may run their own candidates for the board, some experts said.

Securities and Exchange Commission Chairman Richard C. Breeden said he hopes the new rules "will serve as a wake-up call in America's boardrooms," alerting directors that Americans depend on them to serve in an oversight capacity. "Serving on a board is not an invitation to a picnic," Mr. Breeden said.

The new rules, made final by the SEC Oct. 15, will make it easier for shareholders to communicate with each other without having to undergo costly proxy filing requirements. In addition, the rules also will boost the ability to elect dissident directors to boards, creating greater potential for shake-ups.

What's more, enhanced disclosure of executive compensation practices, requiring a sign-off and rationale by the board's compensation committee, will force directors to pay closer attention to how they compensate top management, corporate governance experts said.

Changes are expected to come gradually, as players adjust to the new rules. In the short run, there's expected to be greater discussion with board members and increased use of "no" votes on the election of directors at poor performers. For the long run, the rule changes could bode dramatic changes in the way corporations are governed, some experts said.

Shareholders "are going to bring pressure to bear on directors to be more pro-active, to really hold management accountable," said John Nash, president of the National Association of Corporate Directors, Washington.

With the newly enhanced ability to run their own candidates for the board, "the potential is there for shareholder interference," Mr. Nash said.

But funds won't nominate directors anytime soon, activists said. "I don't think institutions . . . are ready to run directors," said Richard Koppes, general counsel for the $68 billion California Public Employees' Retirement System, Sacramento. The California fund and the United Shareholders Association, Washington, were instrumental in getting the SEC to review the rules.

Pension funds still will have to rely on insurgents such as Robert A.G. Monks, who has mounted campaigns at Sears the past two years, Mr. Koppes said.

Sarah Teslik, executive director for the Council of Institutional Investors, Washington, said through a spokeswoman that "some pond-scum companies — in terms of performance — and other companies, might see significant action by institutional investors but the more likely outcome (will) be the emergence of new players. The movement will spread."

Bruce Atwater, chairman of The Business Roundtable's corporate governance task force and chairman and chief executive officer of General Mills Inc., Minneapolis, warned in a release the rules would allow a corporate raider to phone or meet secretly with "large, powerful institutional investors and solicit their support for his effort without disclosing his activity until much later."

"Given the huge concentration of equity holdings in the hands of a relatively small number of institutional investors," he warned, "the ball game could be over, as a

See **SEC** *on page 37*

TOM REED

"Serving on a board is not an invitation to a picnic"
Richard C. Breeden
SEC chairman

Investors plan to get tough, abandon 'nice guy' approach

By Marlene Givant Star

Institutional investors' strategies for the annual meeting season, which begins later this month, reflect their perception that nice guys finish last.

Activist public funds continue to focus on poor performers and executive compensation.

"We'll see a mix of tactics aimed at poor performers. (The College Retirement Equities Fund) is the only one left that hasn't adopted that. Even New York City, besides confidential voting, is targeting poor performers," said Peg O'Hara, director of communications of the Investor Responsibility Research Center, Washington.

The strategy of talking to officials of poor-performing companies rather than filing proxy resolutions — embraced by the California Public Employees' Retirement System and other funds last season — has been toughened. Executives of the California fund and the State of Connecticut Trust Funds say they will file resolutions again this season. The Florida State Board of Administration won't file resolutions but will vote immediately against boards of directors of companies that do not take concrete steps in response to the fund's requests.

The activist funds are coming from a position of unprecedented strength. The Securities and Exchange Commission adopted rules earlier this month that will make it easier for shareholders to challenge incumbent directors and require fuller disclosure of executive pay (*see accompanying story*).

In addition, a record number of companies bowed to shareholder requests last proxy season so that shareholder proposals would be dropped. Many agreements with shareholders were reached behind the scenes and outside of the proxy process.

Still, the funds say the behind-the-scenes strategy was not effective enough. Officials of California and Connecticut funds said they will use proxy proposals in 1993 when letter writing and other communications with companies are rendered ineffective.

1992's kinder, gentler approach "didn't work. There wasn't time pressure; there wasn't a stick involved. That's why we're returning to proposals. Four of our 12 companies are carry-overs from last year. We just continued to have nice meetings and phone calls. There was no trigger to make things happen," said Richard Koppes, general counsel of the California system.

"I see some people returning to shareholder resolutions like we are — a lot more activism."

Officials of the $68 billion California system, Sacramento, have written to board chairmen of 12 companies they have considered poor performers for five years, outlining each company's problems and asking its chairman to set up a meeting between system representatives and the company's independent directors. Companies that do not respond within 20 days will be targeted with a shareholder resolution.

The fund will touch on a wide range of board-related issues rather than poison pills or confi-

See **Tough** *on page 33*

Real estate values could plunge 30% more

By Steve Hemmerick

Appraised values of most institutional real estate will continue to plummet in 1993 after failing to hit bottom this year as some investors had hoped, according to the soon-to-be-released "Emerging Trends in Real Estate: 1993" report.

Appraised values of institutional real estate could plunge as much as 25% to 30% in 1993, said Kenneth P. Riggs, president of the Chicago-based consulting firm Real Estate Research Corp. and a key compiler of the report.

The highly regarded report, scheduled to be released Nov. 5, is the result of in-depth interviews with about 100 top real estate professionals about investment prospects for the coming year. The report is a joint venture of RERC and Equitable Real Estate Investment Management Inc., New York. Equitable manages $36 billion in taxable and tax-exempt real estate assets.

Pensions & Investments obtained an advance copy of the report.

The property types with the best investment potential in 1993 are apartments and single-family homes, according to professionals interviewed in the report.

"It doesn't take a rocket scientist to figure out that with (potential) writedowns of this magnitude, given the prices that were expected, it makes it impossible to sell investors on re-entry into the real estate market, especially in a market driven by perceptions and a herd mentality," said Mr. Riggs, referring to the pension investment market. In the 1980s, pension funds invested about $100 billion in equity real estate, encouraged by promises of returns between 4% and 6% above inflation by managers and consultants.

According to the Russell-NCREIF Property Index, an index for unleveraged property investments of tax-exempt investors, real estate had a total return of −7.2% for the year ended June 30 and a total return of 2% compounded annually for the five years. Pension funds have taken some staggering losses on some leveraged properties, losing as much as 100% of their investment.

The future for property investment looks difficult. The professionals said continuing corporate downsizing will mean less demand for office space, according to Paul J. Dolinoy, a senior executive vice president with Equitable Real Estate in the Atlanta office. The office sector has been the worst hit property type, with many institutional-grade office properties losing up to 30% of their value.

Professionals interviewed expect continued slow growth in the employment sector, with incomes dropping and fewer entrants in the job market.

The influx of women into the job market has been a boon to property owners in filling office and other property space. But real estate professionals interviewed said the pace of women entering the job market has been slowing.

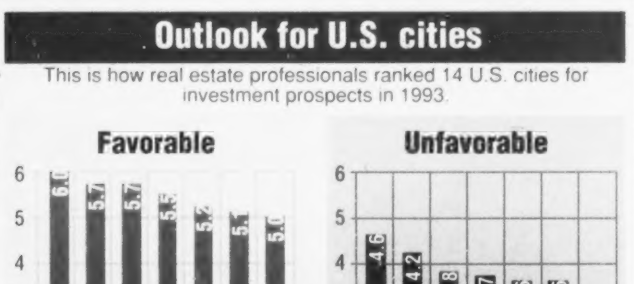
Real estate professionals also said the difficulty in getting jobs, with unemployment at 7.5% nationally, has eroded consumer confidence, and that skittish consumers could further hurt retail sales. Professionals also said the baby boomers are aging and that might mean they will be spending less in retail stores. Real estate professionals said they expect a 10% to 15% reduction in the number of weak retail malls by the end of the decade. Obsolete office properties will be a problem for some property owners, they said.

Real estate professionals said they believed the prospects for real estate investment in 1993 will be only mediocre, and that the probable investment return on financing of and lending on real estate will be slightly less than mediocre. RERC and Equitable officials said, however, they expect pension funds to increase their lending on real estate because of the wide spread of 200 basis points to 225 basis points in return on real estate lending over investment in 10-year Treasury securities.

The professionals said a sustained economic expansion, job growth and increased liquidity in the credit market are needed for growth in real estate returns. The professionals expressed doubts about an economic expansion coming soon, and gave a market turnaround only a 38% chance.

According to the professionals, values will begin to increase in retail properties — other than malls — and research and development properties in late 1994. Suburban and downtown office property values probably will

See **Realty** *on page 38*


Outlook for U.S. cities

This is how real estate professionals ranked 14 U.S. cities for investment prospects in 1993.

Rating: 1=worst, 10=best
Source: Equitable Real Estate Management Inc., New York
CHRIS ROY

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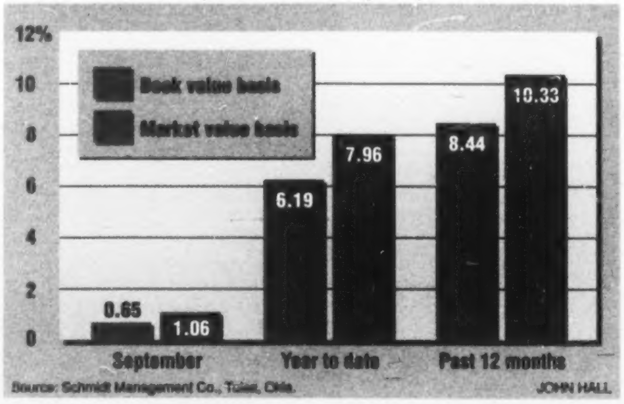


Source: Schmidt Management Co., Tulsa, Okla.

JOHN HALL

MONEY MANAGERS

Mellon teams up with French firm on quant product

■ Mellon Bank Corp., Pittsburgh, and Credit Commercial de France, Paris, have formed a joint-venture to market quantitative active and indexed equity, fixed-income and money market products in the United States and Europe.

CCF-Mellon Partners will be based in Pittsburgh, and initially will act as a marketing arm for the quantitative services each partner brings to the venture, said Mellon's William F. Adam, who will be marketing director of CCF-Mellon.

CCF's Pierre-Edouard de la Tour will serve as deputy marketing manager.

CCF-Mellon will begin marketing CCF's international money market and active, quantitative international equity funds in the United States. Within six months, said Mr. Adam, the U.S.-based quantitative services of Mellon subsidiaries — Mellon Capital Management, Mellon Bond Associates and Mellon Equity Associates — will be offered overseas.

"The investment management styles of both firms are very similar," said Mr. Adam.

Mellon Corp. and its subsidiaries manage total assets of more than $85 billion. The CCF Group has total assets of $58 billion, making it one of France's largest commercial and investment banks. CCF-Mellon Partners is expected to be operational in the fourth quarter of 1992.

— Christine Philip

ACCOUNTING

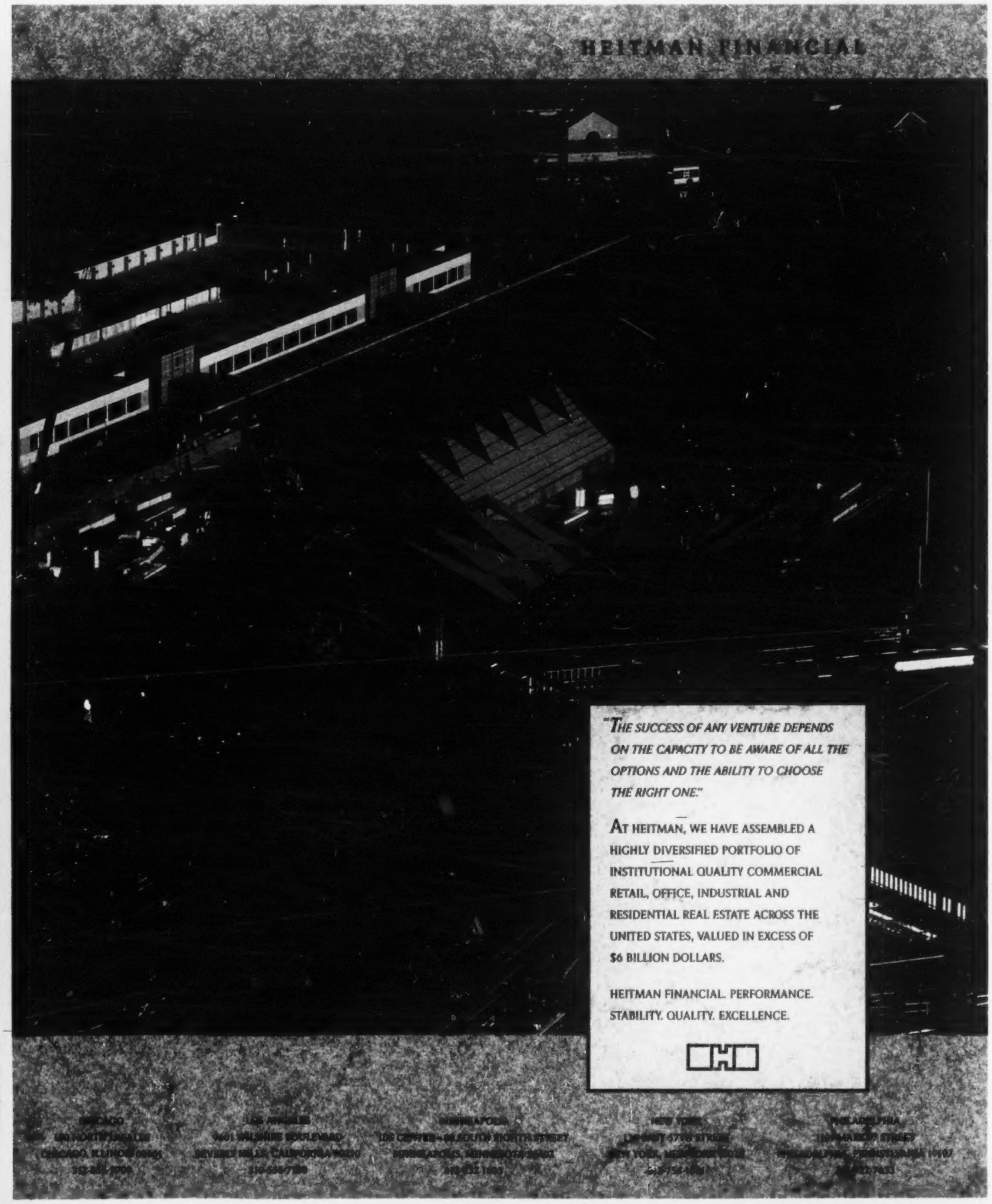
Specifics due on stock options

■ The Financial Accounting Standards Board issued general guidelines for valuing stock options Oct. 7, although it stopped short of specifying a particular valuation approach.

The FASB did say, however, companies must disclose which model they use for their valuation.

The board will meet Oct. 28 to refine the wording and get more specific about disclosure of stock options and measurement issues.

— Marlene Givant Star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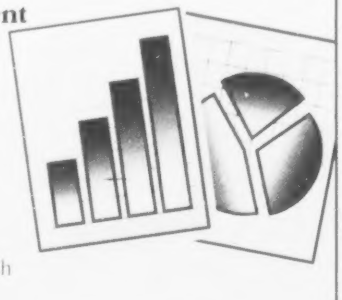

This issue will combine related editorial with profiles of the leaders in investment management consulting.

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Advertising Closing: October 28th

PIPER, Third Quarter

PIPER

Investment performance highlights from the PIPER third quarter performance report.

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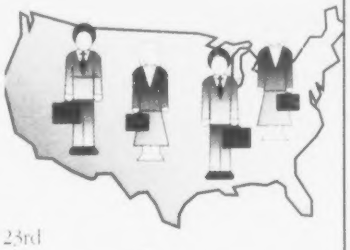

P&I takes another look at defined contribution plans as they grow in the United States.

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Election

Continued from page 1

try made to groups from both parties during this election, nearly $5.5 million was in soft money, two-thirds of which went to Republican party committees, according to a study by the Center for Responsive Politics, a non-partisan research group in Washington.

Among the major contributors to President Bush and/or Republican groups were: Robert A. Day, chairman, Trust Co. of the West, Los Angeles, who gave $153,900; Charles B. Johnson, a senior portfolio manager at Franklin Advisers Inc. and president and chief executive of its parent, Franklin Resources Inc., San Mateo, Calif., $105,500; and John F. Hotchkis, general partner and portfolio manager, Hotchkis and Wiley, Los Angeles, $87,000.

Significant contributors to Gov. Clinton and/or Democratic groups included: Martin T. Sosnoff, chairman and CEO, Atalanta/Sosnoff Capital Corp., New York, $22,000; John H. Hobbs, president, Jennison Associates Capital Corp., New York, $15,000; and William F. Podlich, managing director, Pacific Investment Management Co., Newport Beach, Calif., $7,500.

Contribution amounts were culled from data on file with the Federal Election Commission, Washington. *Pensions & Investments* searched FEC records for contributions from prominent institutional investment executives, as well as from firms ranked among the 100 largest organizations in terms of tax-exempt assets under management.

Contribution limits restrict the amount of funds individuals and groups may give to candidates and committees. While individuals can give only $1,000 to a candidate per election, they can give $20,000 to a national party committee per year and $5,000 to any other political committee per year. Individuals are subject to an annual limit of $25,000 in contributions.

After the nominating conventions, individuals no longer can contribute to individual presidential races and must contribute to the political party committees.

The FEC records revealed a total of $492,250 given to the presidential candidates and the respective political parties from this group of professionals. Contributions to individual local elections were excluded.

Of the total, $31,500 was given to President Bush's campaign directly and $142,875 to national and other Republican Party committees. Gov. Clinton's campaign received $12,000 in contributions and Democratic Party committees received $55,975.

In a few cases, firms had several individuals contributing to one or both of the presidential candidates. Because many people do not indicate their place of business when they make a contribution, however, this information is far from complete.

Because of the large contributions from Messrs. Day, Johnson and Hotchkis, their firms ranked as having the highest contribution levels. Mr. Hotchkis and Mr. Johnson were among the only contributors at their firms listed in FEC records.

At TCW, executives — including Mr. Day — contributed a total of $167,850 to Republican Party committees and $2,000 to the Bush campaign.

At Fayez Sarofim & Co., Houston, individuals contributed $10,000 to the Bush campaign — including $2,000 from Mr. Sarofim, chairman and president of the firm — and $350 to the Republican Party.

At RCM Capital Management, San Francisco, Claude N. Rosenberg Jr., principal, gave $5,000 to the Democratic Party, while Melody L. McDonald, principal gave $1,000 each to President Bush's re-election campaign and the Republican Party.

Gary P. Brinson, president and managing partner at Brinson Partners Inc., Chicago, contributed $2,900 to the Republican Party. James F. Rippey, president of Columbia Management Co., Portland, Ore.; David V. Dootson, chief investment officer at Sears Investment Management Co., Chicago; and Phillip Greer, partner, Weiss, Peck & Greer, New York, each gave $1,000 to President Bush's re-election campaign.

On the Democratic side, Howard Stein, chairman and CEO of The Dreyfus Corp., New York, gave $5,000 to the party, while Peter C. Aldrich, president at Aldrich, Eastman & Waltch, Boston, gave $1,000 each to the Clinton campaign and the Democratic Party. John D. Miller, president and CEO at Equitable Capital Management Corp., New York, contributed $1,000 to the Clinton campaign.

In addition to the investment advisers, several investment bankers and other financial professionals made hefty contributions.

At Forstmann Little & Co., New York, Nicholas C. Forstmann, general partner, gave $55,000 to the Republican cause — $50,000 in soft money to Republican state election efforts and $5,000 to the national party. W. Brian Little, general partner, gave $56,000 — $30,000 in soft money, $25,000 to the national party and $1,000 to President Bush. Theodore J. Forstmann, who is also a general partner at the firm and a national co-chairman of the president's campaign, gave $25,000 in soft money.

William R. Hambrecht, chairman and co-CEO, Hambrecht & Quist, San Francisco, gave $30,000 to the Democratic Party and $1,000 in soft money.

F. Warren Hellman, partner at Hellman & Friedman, San Francisco, gave $12,500 to the Democratic Party.

Roy Furman, president at Furman Selz Inc., New York, gave $2,000 to the Clinton campaign and $10,000 to the Democratic Party.

Weighing in with $10,000 each in contributions to the Democratic Party were Thomas Unterberg, managing director, Unterberg Harris, New York, and Jerome Kohlberg, general partner, Kohlberg & Co., Mount Kisco, N.Y. Messrs. The two also each gave $1,000 to the Clinton campaign. ■

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Realty

Continued from page 3

begin to increase in late 1995, and hotel properties about early 1996.

They said, however, values on apartment properties could increase in the first quarter of 1993, and values could begin to increase on single-family homes by mid-1993.

Values, the professionals said, could begin to increase on regional malls, industrial properties other than R&D properties, and farmland in late 1993

Asked to rate property types with the greatest investment potential in 1993 on a 1-to-10 scale with 1 being terrible and 10 being the best, the professionals ranked apartments at 6.3; single-family homes, 6.3; industrial, 5.5; regional malls, 5.1; farmland, 5.0; other retail, 4.2; R&D, 3.8; suburban office 3.1; downtown office, 2.8; and hotels, 2.4.

The professionals expect apartments and multifamily housing to have the strongest short-term performance of all property types. They said demographics favor the midlevel rental properties.

Expensive apartments are competing with single-family homes, and less expensive apartments are suffering, in part, from young single adults returning to their parents' homes because of an ailing economy.

While as many as 10% to 15% of existing malls could disappear by 2000, dominant malls could benefit from the decreased competition, the professionals said.

Industrial properties remain an investor favorite, but some could face technological obsolescence, and the office market faces a long recovery period, the professionals said. ■